

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Monday January 9 1984

D 8523 B

Behind the battle of Poissy, Page 10

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No. 29,215

## NEWS SUMMARY

### GENERAL

#### Pretoria warns on Namibia guerrillas

South Africa, which has begun to withdraw its troops from a month's campaign in south-western Angola, gave a warning that the conflict would be stepped up if the black nationalist movement Swapo continued its guerrilla war in Namibia.

#### Beirut gunmen kill U.S. marine

A U.S. marine was killed and two Lebanese soldiers injured when gunmen attacked two U.S. helicopters about to take off from West Beirut to ships of the Sixth Fleet.

#### Turkish call

Turkey's new Premier Turgut Ozal called for a new dialogue with Greece to solve the countries' differences.

#### 'Step up U.S. aid'

The U.S. Government will be urged to step up dramatically its military and official aid in Central America by an official committee headed by former Secretary of State Dr Henry Kissinger.

#### Gandhi rivalry

Maneka Gandhi, daughter-in-law and political opponent of Indian Premier Indira Gandhi, said she would stand for parliament against her brother-in-law Rajiv, regarded as his mother's likely political heir.

#### Minister resigns

Bangladesh Finance and Planning Minister Abul Mal Abdul Muhit resigned to become a visiting professor at Princeton University in the U.S. President Hossain Mohammad will take over his duties temporarily.

#### Corsican perils

French teacher Marc Pannavino has told his pupils in Corsica that he and his family are leaving the island because of death threats and bomb and arson attacks they have suffered from separatist guerrillas.

#### Rabbi on bail

Rabbi Meir Kahane, leader of an extremist Jewish group in Israel, has been released on bail after being charged with incitement to riot.

#### Soviet diplomat dies

Washington police said foul play was not suspected in the death of the Soviet embassy diplomat Evgeny Gavrilov, 52, by asphyxiation.

#### Pope baptises 27

Pope John Paul baptised 27 infants in St Peter's, Rome, including children of Canadian, Swiss, Polish, German, French and Irish parents, as well as Italian.

#### Not much watercress

The average Briton eats 233 lb (105 kg) of potatoes a year, 25.5 lb of apples, nearly 11 lb of onions, but only 3.5 oz (99 grams) of watercress a year, according to the 1984 Fresh Produce Desk Book.

### BUSINESS

#### French attack on Peugeot unions

FRANCE'S ruling Socialist party launched a strong attack on left-wing union opposition to planned dismissals by motor group Peugeot at the troubled Talbot plant at Poissy. Management, union leaders and government officials agreed to meet tomorrow in a bid to end the deadlock.

#### BIG THREE U.S. car manufacturers

reversed the erosion of their share of the home market by imports for the first time for a decade - helped by import controls.

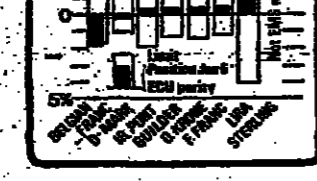
#### EUROPEAN Monetary System

cross-parties showed little change last week, while attention was focused on the continuing strength of the dollar and its rise to record levels.

#### The dollar moved to a 10-year high

against the D-Mark. Intervention by central banks was limited.

#### ENS January 6, 1984



#### and failed to restrain dollar demand

The U.S. currency rose to a record high against the Italian lira, French franc and several other European currencies.

The Belgian franc remained the weakest member of the system, and was outside its divergence limit. There appeared to be little downward pressure, however, in view of the D-Mark's current weakness.

The chart shows the two constraints on European Monetary System exchange rates: the upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2% per cent.

#### TAIWAN has called off trade missions

to the Netherlands after the Dutch ban on building submarines for Taiwan.

#### INDIA: UK Trade and Industry Secretary Norman Tebbit is in India

seeking to help win contracts worth more than £800m (£1.2bn) for a power station, a steelworks, airtrains and microwave telecommunications links.

#### ICI (Imperial Chemical Industries) of the UK is discussing in Moscow

selling to the Soviet Union its process for converting methanol made from natural gas into animal feed.

#### PITTSBURGH, the Connecticut-based oil and mining group, is making a

fourth-quarter provision of \$110m for the closure of some coal mining facilities and reserves, and its tax impact.

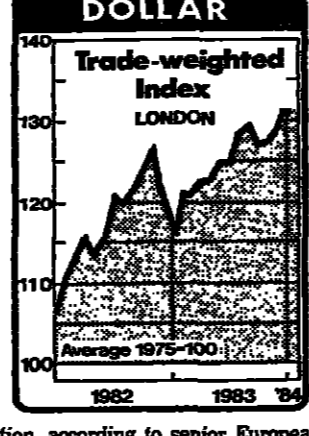
#### NYN (Independent Television News) of the UK has bought 51 per cent of

Bessy, a California computer software company that produces Newsfury, an electronic newsroom system.

## European central banks sceptical about \$ strength

BY DAVID MARSH IN PARIS AND PHILIP STEPHENS IN LONDON

EUROPEAN central banks, which intend to take no immediate action to counter the renewed surge of the dollar, are becoming increasingly worried that the U.S. currency's strength could be the prelude to an uncontrollable fall later this year.



Meanwhile, despite their discomfort, central banks doubt the value of pouring money into the foreign exchange markets, while interest rate rises could stifle fragile economic recovery.

## Japan expects domestic demand to fuel growth

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

THE JAPANESE economy is expected to achieve a 4.2 per cent real growth this year on the strength of domestic demand rather than soaring exports, its most rapid expansion in four years.

The agency's growth estimates do not appear greatly to differ from most private estimates now available. Its track record, however, is far from infallible: it took a significantly over-optimistic view two years ago, to the subsequent embarrassment of the Government.

Although the overall budget is expected to show almost no real increase in spending, the ministry has stuck to its cautious guns and plans to raise indirect taxes on some 30 items, generating an extra ¥900bn (\$3.9bn) in revenues.

## EEC farm reform talks open

BY JOHN WYLES IN BRUSSELS

EEC AGRICULTURE ministers begin an important meeting today, still deeply divided over how to reform the Common Agricultural Policy (CAP) and facing an attempt by the European Commission to clamp down on farm incomes.

The French presidency looks likely to require the farm ministers to resume negotiations on CAP reform, which were dropped at last month's heads of government summit in Athens.

At the same time, the ministers will have to deal with the commission's annual farm price proposals. The 14 members of the commission have set a deadline of next Monday for adopting the farm price package, which means that some large differences of opinion have to be quickly overcome this week.

## Tunisia: uphill task of restoring harmony

Editorial comment: Tunisia; British education

Justinian: an immunity which can be abused

Management: UK workers' flexibility pays off

Lombard: how British tax revenue has risen

Lex: the bulls run wild on Wall Street

## Pennzoil will sue Getty Oil over new bid

BY WILLIAM HALL IN NEW YORK

PENNZOIL, the medium-sized U.S. oil company whose agreed offer for Getty Oil was topped by Texaco's \$9.8bn offer on Friday, is to sue the Getty Oil board for breach of agreement in a bid to block the biggest corporate takeover in U.S. history.

Company	Millions of barrels	Life in years*
Sohio	2,856	11.3
Exxon	2,539	10.5
Aramco	2,551	11.5
Shell	2,200	11.6
Standard Oil	1,660	11.0
Getty	1,241	12.2
Socal	1,202	9.9
Texaco	1,045	8.2
Mobil	906	8.8
Gulf Oil	816	7.8

Texaco is gambling that its bid for Getty Oil will not attract the hostility of the U.S. anti-trust authorities. As Mr Liedtke indicated yesterday, the last attempt by a leading oil company to make a large acquisition - Mobil's bid for control of Conoco in 1981 - raised anti-trust and other public policy issues and was eventually withdrawn.

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Eurobonds	13
Financial Futures	24
Insurance	13
Letters	11
Lex	22
Lombard	11
Management	8
Men and Matters	20
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Stock markets	18
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OVERSEAS NEWS

Renewed violence in Beirut complicates plan for buffer zones

BY OUR FOREIGN STAFF

A U.S. marine was killed and two Lebanese soldiers wounded on the west Beirut seafloor yesterday when gunmen opened fire on U.S. helicopters about to take off for ships of the Sixth Fleet.

The renewed violence increased the difficulties of trying to implement a new Lebanese security plan. If successful, the plan could lead to the disengagement of the main combatants in the Lebanon fighting — the Lebanese army, the Christian militias, the Shi'ite Moslem militias led by Mr Nabih Berri of the Amal group and the Druze fighters of Mr Walid Jumblatt.

Under the plan, buffer zones would be established leading if not to a complete withdrawal, then, at least the redeployment of the four-nation multinational peacekeeping force.

Sir Geoffrey Howe, the British Foreign Secretary, was due to arrive in the Egyptian capital, Cairo, last night, on the first leg of a three-country tour of the Middle East, his first since becoming Foreign Minister last June.

Britain's stated position on the MNF, to which it contributes a 100 man contingent, is that it should stay. However, ways should be examined if assembling a United Nations force to replace it. Sir Geoffrey will also be discussing the Gulf war on his tour.

Bahrain cuts capital outlay in 2-year balanced budget

BY MARY FRINGS IN BAHRAIN

MR IBRAHIM ABDUL KARIM, Bahrain's Minister of Finance and National Economy, has presented a balanced two-year budget for 1984-85, totalling 1.12bn dinars, £2.05bn. Revenues for this year are estimated at 545m dinars for next year at 575m.

Bahrain is the smallest of the Gulf oil producers, with financial reserves of under \$1.5bn (£1.07bn).

Capital expenditure in the new budget is down to 202m dinars in 1984 (against the original four-year development programme allotment of

Mr Jumblatt, the leader of the Druze-dominated opposition group, the Progressive Socialist Party, said the reluctance of the Lebanese Government to send representatives of the Lebanese army and Christian militias to Damascus, where the final obstacles to the implementation of the agreement are being tackled, constituted "an escalation of the situation."

Mr Jumblatt, whose forces yesterday exchanged artillery fire with the Lebanese army in the mountains east of Beirut, made his statement after meeting with Mr Abdel Halim Khaddam, the Syrian Foreign Minister in Damascus.

Mr Khaddam later left for Riyadh, the Saudi Arabian capital where he was scheduled to meet Prince Saud al Faisal, the Saudi Foreign Minister and Mr Elie Salem, the Lebanese Foreign Minister.

It is understood in Damascus that the ministers will consider the security plan and then address themselves to whether the conference on political reconciliation can be reconvened.

This adjourned in Geneva last November after delegates were unable to agree on the future of the Lebanese Israeli troop withdrawal agreement of last May 17. Syria and allied Lebanese factions have denounced the agreement.

294.5m), and to 211m dinars in 1985 (against 256.5m originally). Recurrent expenditure is being allowed to rise by 3.6 per cent this year to 343m dinars and by another 6 per cent next year to 364m.

The rate of increase is regarded as reasonable in view of limited national resources, but is in contrast with 25 per cent increases over the past five years.

Mr Abdul Karim puts the current inflation rate at 2.5 per cent, and forecasts 5 to 6 per cent annual GDP growth over the two years.

Socialists attack Talbot strikers

By David Marsh in Paris

FRANCE'S RULING Socialist party at the weekend launched an unusually vehement attack at left-wing union intransigence over planned sackings at the strife-torn Talbot car plant at Poissy owned by Peugeot, the country's No 2 motor group.

As the war of words over the car plant—paralysed for five weeks by a sometimes violent labour dispute—hotted up, union leaders, Peugeot management and Government officials agreed to meet tomorrow for talks which could break the deadlock.

Peugeot is losing money heavily and has taken steps which could enable it to liquidate its troubled Talbot subsidiary without imperilling the rest of the group.

The company hopes to restart work gradually this week at the Poissy factory west of Paris. But this will clearly depend on the compliance of unions. Fierce fighting last Thursday between striking workers and those wanting to resume production left a FFr 5m (\$660,000) trail of damage in the factory, leading Peugeot to announce suspension of salary payments and an indefinite closure.

The Government's exasperation with union torpedoing of a lay-off compromise worked out before Christmas came to a head at a meeting of the Socialist Party's policymaking committee on Saturday.

M Jean Poperen, second in command in the Socialist Party hierarchy, rounded on the CFTD trade union.

M Poperen did not specifically name the CFTD. But he was clearly aiming at the union when he attacked workers' efforts to obtain maximum results over the Talbot affair. These, he said, put at risk the lay-off compromise.

M Poperen said the CFTD's strategy risked playing into the hands of the Peugeot management. The company was being offered the possibility, he suggested, of extricating itself from the redundancy compromise and carrying out its aim of putting Talbot-Poissy into liquidation.

But although Mr M'Zali now holds total authority over the Government, he is held in poor regard by many Tunisians. A crowd gathered outside his windows on Friday shouting "Zali is a donkey" and "we want Azour"—a reference to Mr Azour Lasram, the former Minister of Economics who resigned last October—showed the trouble if the price rises went ahead.

Tunis and other major cities are returning to normal, although a state of emergency and a curfew from 9 pm to dawn remain in force and all schools and universities are closed. At least 60 people were killed in the riots, and some reports suggest as many as 120 may have died. Over 1,000 people were arrested and many shops, cars and buses were damaged. Factories, major industries and mines, escaped, however.

The tactics of demonstrators in Tunis reminded observers of the events in Iran before the fall of the Shah. Groups of between 500 and 1,000 demonstrators would tie down the security forces at a particular point while other individuals would quickly smash a few shop windows a mile away and then be picked up by circulating cars often within minutes. The various activities were co-ordinated by young people on motor-cycles, often using portable radios.

Riots of the same kind were banned last week in Tunis and on Friday drivers were warned they would have to register their cars if they had radios.

The use of children to shield demonstrators confronting the police and to throw stones from rooftops, along with the appearance of rooftop snipers was also new.

Late last week, during a shoot-out near the British embassy in the heart of the city, someone climbed the minaret on the Hamouda Pacha mosque in the old city and began chanting "Allah I Akbar" (God is great). Similar cries from minarets were reported elsewhere.

Senior officials have also noted Libya's attitude to the disturbances. Radio Tripoli launched a violent attack on Tunisia on New Year's eve, claiming that were Mr Yasser Arafat, the Palestine Liberation Organisation leader, to return to his Tunisian base, it would be treated as a personal insult by Colonel Muammer Gaddafi, the Libyan leader. Radio Tripoli has given extensive, frequent coverage to events in Tunisia and the arrival of a high-ranking Libyan delegation in Tunis last Wednesday has done nothing to convince Tunisian leaders of Tripoli's good faith.

EEC REPORT CRITICISES SPIRALLING COST OF CONSTRUCTION PROJECT IN THE CONGO

Red faces on the road to Bihoua

BY JOHN WYLES IN BRUSSELS

AFTER HAVING uncovered many comically lamentable examples of money squandering in the EEC over the past six years, the latest report from the European Community's Court of Auditors lays bare new standards of farcical waste with a story infamously worthy of Bob Hope and Bing Crosby called "On the Road to Bihoua."

It is, in fact, the story of two roads to Bihoua — a small town in the African state of the Congo — since the first 20km road was so badly built that it has had to be made again less than four years after it was completed.

The court, which is responsible for scrutinising the Community's accounts, liberally sprinkles the blame on the Congolese authorities, the hapless Italian construction

company and the European Commission.

The cost of the road project, which will eventually cover 74.5km, has soared more than ninefold from the £2.1m (\$2.95m) originally envisaged in the 1960's when the scheme was first devised.

As the court points out this will swallow 74.84 per cent of the Congo's allocation under the fifth European Development Fund — the Community's aid programme for African, Caribbean and Pacific countries.

The report acknowledges that the road to Bihoua is an extreme case in the misadministration of development projects financed by EEC money. "The exceptionally slow pace of the project and the repeated financing of the same operations re-

sulted in an exorbitant inflation of costs," the court says.

It took 18 years to move from first appraisal to final agreement on the project and, assuming all now goes well, the project will still not be completed until June 1985.

The road is now the responsibility of a different construction company, and embarrassed Commission officials are refusing to divulge the names of either the past or the present construction company. "I do not see why this should be of interest to newspapers," one official said.

The original contract went to an Italian company, which had no previous experience of working in Africa and is unlikely to have any future experience in the Congo where

the Government has banned it from any further operations.

The company's first mistake was to appoint a project manager who had never been involved in road building.

According to the court, the sub-base and road verges were made with clay-like materials which absorbed water like a sponge. The road itself was laid unevenly with a thickness varying from 4 to 15 cm although the technical specification called for uniform thickness of 15cm.

The Congolese authorities made things worse by abandoning the plan to stabilise the road base with cement because "of the problems encountered in the supply of local cement."

The Commission delegation in the Congo fell down on the job, the court says, by failing to check properly the progress of construction.

When the road started to break up in 1978, less than a year after completion, the delegate in the Congo finally alerted the Commission in its response, the Commission takes a charitable view. "The one criticism" that can be levelled at the delegate is that he may have lacked a suspicious instinct.

But other sins of omission were more serious, the court says. It criticises the inadequacy of the contractual guarantees, the absence of sanctions, contractual or otherwise, which the Commission should have imposed and above all the serious shortcomings in monitoring which opened up the project to negligence by all parties.

Uphill task for Tunisia to restore harmony

By Francis Ghilès in Tunis

A PARADE of senior Tunisians visited President Habib Bourguiba yesterday to affirm their support for his decision to rescind bread price increases which sparked last week's

Public meetings were held throughout the country and Mr Mahmoud Messaadi, president of the national assembly, presented the thanks of MPs to the President for his "historic decision."

But the task of Tunisia's leadership in restoring harmony to the country will be an uphill one. There is no mistaking the sense of elation ordinary Tunisians feel at having, for the first time in 25 years, forced the Government to listen to their grievances.

The new Prime Minister, Mr Mohammed M'Zali, has been strengthened by his appointment to the Ministry of the Interior after the dismissal of the former minister, Mr Driss Gulga, who was held responsible for the breakdown in security.

Mr M'Zali moved swiftly to consolidate his power, appointing his cousin, Mr Ameur Ghedira, who was formerly in command of the National Guard, as a secretary of state at the ministry.

But although Mr M'Zali now holds total authority over the Government, he is held in poor regard by many Tunisians. A crowd gathered outside his windows on Friday shouting "Zali is a donkey" and "we want Azour"—a reference to Mr Azour Lasram, the former Minister of Economics who resigned last October—showed the trouble if the price rises went ahead.

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U.S. urged to increase Central America aid

BY STEWART FLEMING IN WASHINGTON

THE U.S. will be urged to increase dramatically the amount of military and civil aid which it sends to Central America in a government report to be released later this week.

The report has been prepared by the National Bipartisan Commission on Central America which was appointed by the Reagan Administration last July under the leadership of Dr Henry Kissinger, the former U.S. Secretary of State.

Dr Kissinger, who met on Friday with President Reagan to outline the direction of the commission's thinking, has been known for some time to support increased aid. After the meeting, President Reagan said that helping to solve social and

economic problems in Central America is essential just as it is essential that we help provide for their security while they are instituting those reforms."

Although the report is not due to be made public until Wednesday, leaks in the leading U.S. newspapers, including both the Washington Post and the New York Times, suggesting that aid to Central American countries be increased dramatically to around \$300 million over the next six years have already drawn sceptical reactions from the U.S. Congress. It is questioned whether Congress would be willing to provide such vast sums.

Separately in a broad ranging study of U.S. policy in Central

America which has just been released, the Carnegie Endowment for International Peace questions the effectiveness of increased aid when the region is torn with military conflicts within and between groups in the various countries.

The Kissinger commission, after protracted arguments aimed at finding a consensus, is expected to support the Administration's view of the crisis in Central America that it poses a critical challenge to U.S. security in part because of the role of the Soviet Union and Cuba in the region. But it is also expected to put considerable weight on the need for aid to be linked to certified progress in civil rights in countries such as El Salvador,

Guatemala and Honduras which would be the main recipients of increased aid.

The Salvadorean army has publicly criticised extreme right-wing sectors for supporting death squads responsible for 1,500 murders in El Salvador last year, Reuters reports from San Salvador.

The army statement, published yesterday, also accused right-wingers of playing into the hands of leftist guerrillas.

Disagreements between leftist Nicaragua and its four Central American neighbours have hampered progress at crucial regional peace talks organised by the Contadora Group, Reuters writes from Panama City.

Ozal calls for talks with Greece

BY DAVID BARCHARD IN ANKARA

MR TURGUT OZAL, Turkey's new civilian Prime Minister, has called for a new dialogue between Greece and Turkey to solve their differences.

Speaking at a Press conference at the weekend, Mr Ozal said that all the problems between the two countries could be solved "step by step on the basis of equity and mutual interests."

He said that Turkey had no design on even an inch of Greek territory but it would

protect its legitimate interests.

Mr Ozal also challenged the Council of Europe not to reject the delegation Turkey is planning to send to it from its newly elected Parliament. He warned that, if the delegation was rejected, Turkey might sever its links with the Council and withdraw from the ministerial levels of the body which Turks have until now seen as the cynosure of their relations with Western Europe.

Mr Ozal's remarks about relations with Greece are being taken as a sign that the Turkish Government wants to demonstrate to the world that it is less inflexible than the Government of Mr Andreas Papandreu in Athens.

Mr Rauf Denktaş, the Turkish Cypriot leader, recently launched a "peace offensive" with the blessing of Ankara, aimed at the resumption of intercommunal talks.

Chad peace talks to begin

ADDIS ABABA — Rebel leader M Goukouni Oueddei arrived here yesterday for talks aimed at ending Chad's 18-year civil war but Chad's charge d'affaires in Paris said President Hissene Habre would not be coming.

The Government's delegation would be led by M Faber Guinassou, the interior minister. M Ahmad Allam-Mi, the charge d'affaires, told the French radio service, Radio France Internationale, Reuter

Belgian Minister issues warning on steel aid Bill

BRUSSELS—Mr Mark Eyskens, the Belgian Economy Minister yesterday predicted that the country's centre-right coalition Government would fall if Parliament fails to pass a Bill soon to bail out the near-bankrupt steel company, Cockerill-Sambre.

In an interview with Le Soir newspaper, Mr Eyskens said the company was in danger of running out of cash by the end of this month. Unless Parliament rushes through a proposed financial rescue package soon afterward, possibly by mid-

February, "It would mean the fall of the Government and very serious economic and social damage for the entire country."

Tensions between Belgium's Flemish north and Wallonian south over southern-based Cockerill-Sambre's huge subsidy needs helped topple the last Belgian Government.

The proposed bail-out plan would raise BF 27bn (\$37m) in new cash through bank loans which would be repaid from death-duties in the French-speaking south. Reuter.

SPD demands reason why Nato chief quit

By James Buchan in Bonn

WEST GERMANY'S opposition Social Democrats have demanded from the Government an explanation in Parliament for the sacking of General Guenther Kieseling, who was ceremoniously retired from his position as deputy supreme commander of Nato at the end of last year.

Herr Manfred Woerner, the Bonn defence minister, said in a newspaper interview at the weekend that the decision "had really not been easy. But I had no other choice."

Gen Kieseling, 58, who gave up his duties in Brussels even before his formal retirement on December 31, has been the subject of intense speculation as a possible risk to security.

Gen Kieseling has asked for proceedings to be opened to clear his name from allegations in the German press regarding his moral behaviour.

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January, 1984.



WORLD TRADE NEWS

Tebbit to pursue £800m contracts on visit to India

BY JOHN ELLIOTT IN NEW DELHI

CONTRACTS exceeding £800m for a power station and a steel works in India plus orders for...

British has a special trading and industrial relationship with India for historical reasons but its activities are being matched and overtaken by the U.S. and Germany, and other countries...

None of the contracts Mr Tebbit will pursue can yet be guaranteed for UK companies, mainly because India is short of rupees to fund domestic costs of major industrial projects...

British Aerospace is chasing an order from Indian airlines for its 146 airliner, and various UK electronics companies, including GEC, are facing the prospect of tough international competition on microwave transmission links...

Mr Tebbit will be attending the annual meeting in Delhi of the Indo-British Economic Committee before going to Bombay.

In the committee the Indian Government will be trying to persuade the British to sell more goods to the UK and to try to change the balance of trade between the two countries...

Whereas eight years ago the balance was some £70m in Britain's favour on total trade of about £400m, the balance is now about £240m in India's favour on total trade of nearly £1bn.

The Indian Government will be able to list of industries such as engineering, manufacturing and services and civil engineering where it would like to set up joint ventures in India and in third countries.

But here is no prospect of a rapid change in the balance.

Taiwan calls off further missions to Netherlands

By Walter Ellis in Amsterdam

TAIWAN has acted swiftly to demonstrate its displeasure with the Dutch Government for refusing to permit the placing of contracts for submarines in the Netherlands.

A statement issued in Taipei said that the Taiwanese authorities would not be sponsoring any semi-official trade missions to the Netherlands this year.

Earlier, the Taipei regime had sought to assure the Dutch that trade between the two countries would continue as normal in spite of the submarine veto.

The Dutch cabinet, after prolonged debate, decided before Christmas not to grant an export licence for any submarines newly ordered by Taiwan.

Last summer, a large crop of Taiwanese businessmen came to the Netherlands and placed orders worth more than \$50m in a matter of days.

Two submarines for Taiwan, ordered in 1981 from the Wilton-Fijenoord shipyard of Rotterdam, will be delivered once the money has been found to secure the final phase of construction.

The Soviet Union boycotted Rotterdam last year because of Dutch refusal to allow it to open a consulate there.

Manila drafts barter rules

MANILA—The Philippines is drafting guidelines on barter trade with East European countries as an alternative to trade deals stalled by its financial crisis.

LIMITS ON JAPANESE SALES TAKE EFFECT

U.S. car builders stem import flood

BY TERRY DODSWORTH IN NEW YORK

THE BIG three motor manufacturers of the U.S. managed to reverse the steady erosion of their position to imports last year for the first time in a decade.

They would not have achieved this turnaround, however, without the artificial device of import controls on Japanese manufacturers, which were limited to shipments of 1.68m units in 1983.

The year-end figures also showed that European producers failed to increase their share of the market, which stayed virtually unchanged at 4.8 per cent, although unit sales rose by 56,800 cars to 436,340.

Total Japanese car sales rose by 113,650 vehicles to 1.5m to give the manufacturers a share of 20.9 per cent against the U.S. companies' 74.3 per cent.

JAPANESE CAR IMPORTS TO U.S. Table with columns for 1983 and 1982, and rows for Toyota, Nissan, Honda, Mazda, Subaru, Chrysler, Mitsubishi, Suzuki.

\* Includes Mitsubishi models imported by special agreement.

Source: Research by Rika Nishimura

Toyota and Nissan again dominated the Japanese figures, while Honda's imports went down by 15,000 units to 350,700 as its new U.S. plant came on stream to supply just over 50,000 vehicles.

Mitsubishi also stepped up its independent sales sharply from 3,950 to 32,730 cars, as it took advantage of the ending of the exclusive distribution deal with Chrysler.

Boeing 'not interested' in work for Airbus

By Our Aerospace Correspondent

BOEING of the U.S. has denied that it is in any way interested in building the wings for the proposed European A-320 Airbus if British Aerospace has to pull out because of lack of cash.

Boeing Aerospace builds the wing-boxes for the existing A-300 and A-310 Airbuses, and is lined up to build the entire wings for the A-320, provided the UK Government supports the venture with £43m-worth of launching aid.

Without that aid, BAe will be obliged to withdraw because it could not afford to borrow the money elsewhere at current interest rates.

In that event, another manufacturer would have to build the wings, and such contenders as Boeing and McDonnell Douglas have mooted in some recent European Press reports.

Boeing over the week-end flatly rejected such reports. "Boeing has not approached Airbus Industrie regarding A-320 work," it said.

"We have built over 4,500 wings to date, but only for Boeing aircraft. We are not interested in building wings for any proposed competing aircraft, particularly for a programme of such questionable economic viability."

People Express, the U.S. cut-price airline which began operations between Newark, New Jersey, and Gatwick airport last summer, announced that its load factor over the route by the year-end was 80.7 per cent.

The strength of its transatlantic service helped double the numbers of passengers carried to 5.6m for 1983, up from 2.8m in 1982, an unprecedented increase in the current economic climate for the commercial airline industry.

SHIPPING REPORT Rates 'must rise 50%' for capital return

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FREIGHT RATES for bulk carriers need to rise by more than 50 per cent to provide a worthwhile return on capital outlay for many modern and well-managed ships.

This, it added after noting that there are now more positive signs of recovery in world economies and thus for shipping. "It is a stark reminder that the current recession is unusually severe."

The owner of a modern fuel-efficient Panamax bulk carrier (60-80,000 deadweight tons (dwt) and able to traverse the Panama Canal) might need \$12,000-\$15,000 a day to make a reasonable return on investment.

Matheson said that over the past year or more, owners of many nationalities — including UK, West German, Danish, Greek and Dutch — had reported heavy losses. "It seems unlikely that any modest upward adjustment of rates in 1984 will do much to change the situation."

Mr Pieter van der Vorm, director of Graan Elevator Mij (Gem), Rotterdam's largest grain handler, said the Soviet Union did not import any grain through Rotterdam in 1983 after shipping 1.4m tonnes through the port in 1982.

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ICI, Moscow discuss sale of gas-to-protein process

BY DAVID BUCHAN, EASTERN EUROPE CORRESPONDENT

IMPERIAL Chemical Industries is discussing with Soviet officials in Moscow the possible sale to the Soviet Union of its "pruteen" process of converting methanol made from abundant Soviet natural gas into animal feed protein badly needed by Soviet agriculture.

ICI's agricultural division is becoming increasingly involved in the Soviet government drive to increase food self-sufficiency. During the Kostanov visit to London, ICI signed an agreement to help raise crop yields on four experimental plots of 200 hectares each in different parts of the Soviet Union with fertiliser, pesticides and general technical advice.

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Christie's Contemporary Art advertisement with contact information and a small image of an artwork.

World Economic Indicators

Table with columns for UNEMPLOYMENT (Dec '83, Nov '83, Oct '83, Dec '82) and rows for UK, W. Germany, U.S., France, Belgium, Italy, Netherlands, Japan.

A FINANCIAL TIMES SURVEY NIGERIA

Following the takeover of Government in Nigeria by the armed forces under the leadership of Major-General Mohammed Buhari, the Financial Times will be publishing a major Survey of Nigeria in its issue of Monday, January 23.

This Survey will discuss, amongst other things, the implications of the coup for Nigeria and its trading partners.

Financial Times Bracken House, 10 Cannon Street London EC4A 3DF

American Express Business Card advertisement featuring an image of the card and text: 'Perk? Privilege? Or just plain useful? The American Express Business Card takes the hassle out of travelling on business for your company's executives.'

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## BUSINESS LAW

# Backward glance on a year of protectionism

GRAND designs are the stuff of which politicians make their speeches: lofty aims flow easily from their lips. But when it comes to legislating or entering into binding agreements, they are guided by more immediate interests and possibilities, so that the results invariably fall short of the grand design.

This applies to law-making in both parts of Europe. The Comecon ideal of economic integration is no nearer to its accomplishment than it was 30 years ago, simply because it is impossible to create a realistic economic super plan by adding up unrealistic national plans. The "convertible" remains unconvertible, and, if Comecon member-states want to engage in extra trading between themselves, they use Western currencies as units of account.

What economic planning failed to do for Comecon, Western Europe is trying to achieve by means of free trade and competition. In the past year, European Commission and the European Court have again spent much of their energy in safeguarding free trade, particularly in certain consumer goods, and in so doing sometimes went further than was useful for their purpose: but both the member states and the Community institutions were rather shy of using competition as an instrument of economic integration.

In 1983, protectionism and cartel were the order of the day. Agriculture remained protected from competition. The European Commission's main preoccupation seemed to be the policing of the production and price cartel of the steel industry. Steelmakers who over-

**A. H. Hermann, Legal Correspondent, reflects on the dreams and realities of law-making in Europe**

stepped their production quotas were punished with a severity which the European Court found excessive.

While fighting the anti-dumping machinery of the U.S., the Commission was at home under pressure from member-states to take more effective dumping measures against Japanese and East European products exported to the Community at prices which local industries could not compete. But the protection of the audio-visual products of Philips and Grundig against Japanese and other Far Eastern competition did not make up for the technological lag of the Europeans: in the end, Philips and Grundig had to link arms, and this met any significant opposition.

While national trustbusters in the UK and Germany go softly, softly, the Commission's project of a European merger control is now no more than "pie in the sky." And the Vredeling project, which should have provided the Commission with a lever on multinationals by obliging them to inform and consult employees on a great number of vital business decisions, is now only a ghost retreating into the Community dreamland.

The Commission's power complex suffered even at the hands of the European Court when it ruled that the initiation of anti-dumping procedures and countervailing measures was a matter in which the Commission had unfettered discretion. The companies threatened by subsidised imports had a right to be protected, and the European Court would help them to enforce this right.

Faced with competition by U.S. and Japanese giants, the Community adopted - in practice, if not in principle - a competition policy suitable for a small market economy. While tolerating or even promoting mergers and cartels of producers, it turned its attention to the prevention of restrictive practices in distribution.

The three outstanding cases which reached the European Court in the past year were appeals by Pioneer, the Japanese audio-visual giant, by AEG Telefunken, the troubled German giant of the same industry, and by Michelin, the tyre manufacturing group. A Commission decision, adopted towards the end of the year, and declaring Ford's West German distribution network to be illegal, may reach the European Court towards the end of this year.

The Pioneer case was about prevention of parallel imports from lower-to-higher priced markets within the Community, and the appeal proceedings revealed that the Commission still suffered from grave shortcomings in its fact-finding process. The fine of some £4.5m (\$6.4m) was halved by the court.

In Michelin, the Commission maintained that by introducing a system of target discounts, the group abused its dominant position in the Dutch market. The court's judgment, confirming the Commission, seemed to be out of step with previous decisions. There was much in the French Government's argument that one could not speak of market dominance, as neither Michelin's distribution system nor its discounts prevented an expansion of Japanese sales on the Dutch market.

The AEG-Telefunken case resembled the Michelin case in that both fought Japanese competition. The court held that the Commission was right in declaring the operation of the entire AEG distribution network, consisting of some 4,000 dealership agreements operated over eight years, to be illegal on the basis of evidence that in 18 cases dealers were appointed not because of the quality of service they offered but because of territorial considerations, or because of the probability that they would respect retail price maintenance.

Finally, the Commission outlawed Ford's West German distribution system forcing the company to remove restrictions on the sales in Germany, of right-hand drive cars destined for the UK where the price is higher.

The Commission, which in the course of the year replaced its regulation 67/67 providing an exemption

for certain exclusive dealerships by two regulations - one for exclusive distribution agreements, and the other for exclusive purchasing agreements - now has ready a special exemption of the automobile industry, with the terms of which, however, the industry is still not happy.

Looking beyond the confines of the Community, the year was notable for two jurisdictional conflicts with the U.S. In the Laker case, the Court of Appeal ordered the liquidator to discontinue in the U.S. anti-trust suits against British Airways and British Caledonian for alleged conspiracy with other airlines leading to the demise of Laker Airways.

The second jurisdictional conflict flared up between the U.S. and Switzerland, which disapproved of U.S. investigations there of an alleged tax fraud by Mr Marc Rich, a wealthy commodity dealer. He found himself caught between conflicting orders from the Swiss and U.S. authorities.

### BASE LENDING RATES

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Allied Irish Bank	9 3/4	Heritable & Gen. Trust	9 3/4
Amro Bank	9 3/4	Hill Samuel	9 3/4
Henry Ansbacher	9 3/4	C. Hoare & Co.	9 3/4
Arbutnot Latham	9 3/4	Hongkong & Shanghai	9 3/4
Arcoo Trust Ltd.	9 3/4	Kingsnorth Trust Ltd.	10 1/4
Associates Cap. Corp.	9 3/4	Knightsley & Co. Ltd.	9 3/4
Banco de Bilbao	9 3/4	Lloyds Bank	9 3/4
Bank Hapoalim Baf	9 3/4	Mallinhal Limited	9 3/4
BCCI	9 3/4	Edward Mason & Co.	10 1/4
Bank of Ireland	9 3/4	Meghraj and Sons Ltd.	9 3/4
Bank Leumi (UK) plc	9 3/4	Midland Bank	9 3/4
Bank of Cyprus	9 3/4	Morgan Grenfell	9 3/4
Bank of Scotland	9 3/4	National Bk. of Kuwait	9 3/4
Banque Belge Ltd.	9 3/4	National Girobank	9 3/4
Banque du Rhone	10 1/4	National Westminster	9 3/4
Barclays Bank	9 3/4	Norwich Gen. Trst.	9 3/4
Beneficial Trust Ltd.	10 1/4	R. Raphael & Sons	9 3/4
Remar Holdings Ltd.	9 3/4	P. S. Refson & Co.	9 3/4
Brit. Bank of Mid. East	9 3/4	Rothschilds Guarantee	9 3/4
The Cyprus Popular Bk.	9 3/4	Royal Trust Co. Canada	9 3/4
Cl. Bank Nederland	9 3/4	Standard Chartered	9 3/4
Canada Fernet Trust	10 1/4	Trade Dev. Bank	9 3/4
Castle Court Trust Ltd.	9 3/4	TCB	9 3/4
Cayzer Lyl.	9 3/4	Trustee Savings Bank	9 3/4
Cedar Holdings	9 3/4	United Bank of Kuwait	9 3/4
Charterhouse Japhet	9 3/4	United Mizral Bank	9 3/4
Choulartons	10 1/4	Volkskas Intl. Ltd.	9 3/4
Citibank Savings	10 1/4	Westpac Banking Corp.	9 3/4
Clydesdale Bank	9 3/4	Whiteaway Ltd/aw	9 3/4
C. E. Coates	9 3/4	Williams & Glyn's	9 3/4
Comm. Bk. of N. East	9 3/4	Wintrust Secs. Ltd.	9 3/4
Consolidated Credits	9 3/4	Yokohama Bank	9 3/4
Co-operative Bank	9 3/4	Members of the Accepting House	
The Cyprus Popular Bk.	9 3/4	Committee:	
Dunbar & Co. Ltd.	9 3/4	7-day deposits 6.5%, 1-month 8%, Fixed rate 12 months 12.5%	
Duncan Lawrie	9 3/4	8%; 22,000 12 months 8.5%	
E. T. Trust	9 3/4	7-day deposits on sums of: under 100,000 5%, 100,000 up to 150,000 6%, 150,000 and over 7%	
Exeter Trust Ltd.	10 1/4	Call deposits 11,000 and over 5%	
First Nat. Fin. Corp.	11 1/4	21-day deposits over 21,000 6%	
First Nat. Secs. Ltd.	10 1/4	Demand deposits 5%	
Robert Fraser	9 3/4	Mortgage base rate	
Grindlays Bank	9 3/4		
Guinness Mahon	9 3/4		

This advertisement has been placed by Samuel Montagu & Co. Limited on behalf of Reed Stenhouse Companies Limited ("Reed Stenhouse")

## To the remaining Stenhouse Holdings shareholders ACCEPT

### the final Reed Stenhouse Offer before 3.00pm on Wednesday, 11th January, 1984

By the first closing date of the Offer on Thursday, 22nd December, 1983 Reed Stenhouse had received acceptances in respect of 36.5 per cent. of the Stenhouse Holdings issued share capital. During the course of the Offer Samuel Montagu & Co. Limited, financial adviser to Reed Stenhouse, has purchased 3.5 per cent. Together these total 40.0 per cent. of the Stenhouse Holdings issued share capital and 53.0 per cent. of the shares in issue excluding those held by Stenhouse Western Limited, a private family company.

ACCEPT the final Reed Stenhouse Offer, which is currently worth 142.8p\* per Stenhouse Holdings share, to:

- \* gain an immediate increase in capital value of 34.7 per cent. over the market price of 106p of your shares prior to the announcement of the Offer, without incurring a potential tax liability by selling your shares in the market.
- \* obtain a direct investment in your company's principal asset, an expanding international insurance broker.
- \* continue as a participant in the success of your company's principal asset, including participating in any Reed Stenhouse earnings uplift resulting from the merger.
- \* help achieve a more unified group structure through a merger which will benefit the business and is favoured by clients, management and staff.

**Reed Stenhouse confirms that the Offer is final and will not be increased but has been extended until 3.00pm on Wednesday, 11th January, 1984. You are urged to despatch your forms of acceptance to arrive by then. Avoid the unattractive alternative, that of remaining a shareholder in Stenhouse Holdings.**

\*This figure is based on the Reed Stenhouse Class A share price of 121.2p as reported by The Toronto Stock Exchange and an exchange rate of £1=CS1.765, being the share price and exchange rate at the close of business on 5th January, 1984. The Stenhouse Holdings share price is the middle market quotation derived from the Daily Official List of The Stock Exchange.

The directors of Reed Stenhouse (excluding Mr Arthur W. John and Mr Raymond C. Strange who are directors of Stenhouse Holdings, Mr Herbert Houghton who was until his recent resignation a director of Stenhouse Holdings and Mr Angus Grossart who is a director of Noble Grossart Limited, a company which has advised Stenhouse Holdings in connection with the Offer, but including those who have delegated supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

NEW ISSUE January 6, 1984

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Senior Vice President-Finance and Treasurer

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UK NEWS

Scott Lithgow shipyard likely to cut 800 jobs

BY MARK MEREDITH

ABOUT 800 redundancies are expected to be announced this week at the Scott Lithgow shipyard on Clydeside as the result of last month's loss of an £68m order from British Shipbuilders.

Industry leaders still optimistic

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

GENERAL BUSINESS confidence remains high according to the latest survey of opinion sponsored by the Institute of Directors.

Curb on rates may increase public spending pressures

BY ROBIN PAULEY

THE GOVERNMENT'S plans to limit local authority rate (property tax) increases could mean that rather than curbing excess expenditure the Environment Department will be forced to ask the Treasury to add up to an extra £300m to the public expenditure plans for 1985-86.

Benn added to shortlist of by-election candidates

BY PETER RIDDELL, POLITICAL EDITOR

MR TONY BENN, the former Labour Cabinet minister was last night added to the shortlist of possible Labour Party candidates to fight a forthcoming by-election in Chesterfield, Derbyshire, after a weekend of tangled and bitter manoeuvring.

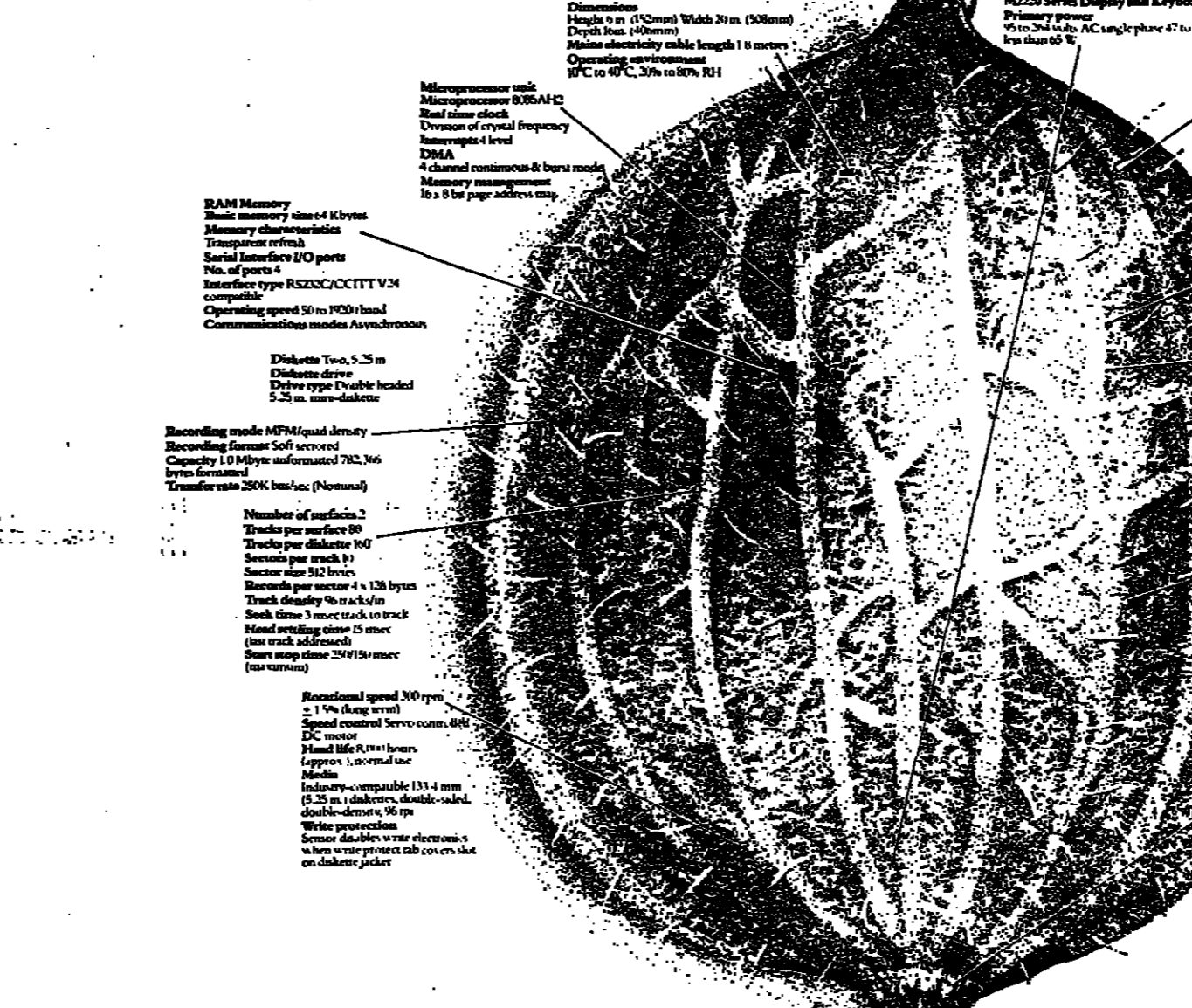
Philip Whitehead, the former MP for the nearby seat at Derby North. Four other candidates on the shortlist are all local men.

Union may discipline rebel mineworkers

BY DAVID BRINDLE, LABOUR STAFF

MINEWORKERS who are expected today to hold a 24-hour unofficial strike in protest at their own union's overtime ban may be disciplined and are unlikely to have their case put to the union's executive.

How not to pick a business computer.



Lawson's hopes on jobs finely balanced

BY DAVID BRINDLE, LABOUR STAFF

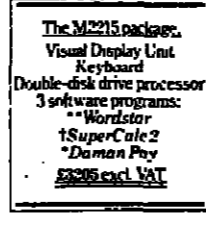
WHEN Mr Nigel Lawson, Chancellor of the Exchequer, was asked at the turn of the year for his main hopes for 1984, he put a fall in unemployment at the top of his list.

Max Wilkinson explains why the latest job figures have failed to encourage the Treasury

been focused on quite small changes in the monthly trend published by the Department of Employment - in the hope that straws in the wind will indicate some underlying change of direction.

How not to pick a business computer.

Of course you want to keep up with the latest advances in computer technology. But just because a computer claims to be the fifth generation (or is it the sixth by now?) and is named after a fruit, doesn't make it the perfect computer for you.



A form for requesting more information about the Merin computer system. It includes fields for Name, Company, Address, and Tel. No., and a section for a coupon to be filled out and sent to the company.



Someone had to make it simpler.



## UK NEWS

## ITN buys control of Californian software company

BY RAYMOND SNODDY

INDEPENDENT Television News (ITN) has bought a controlling interest in a California computer software company which produces electronic newsroom systems.

The company is Basys which has sold its Newsfury system to broadcasting organisations such as KRON-TV in San Francisco, Cable News Network in Atlanta and in the UK to ITN for Channel 4 (C4) News and to TV-am, the breakfast channel.

ITN has bought 51 per cent of the equity of the small company and will also provide a cash injection. Basys has been trading profitably with a turnover this year of about \$1m, but was undercapitalised. The U.S. company will now be controlled from London, and Mr David Lyon, at present ITN's assistant general manager for production, will become president.

It is the first time that ITN has taken a stake in a broadcasting equipment company, although it has a 47.5 per cent shareholding in UPTN, the international television news agency. In the longer term, ITN is likely to also market ITN developments such as its computer graphics system.

Mr David Nicholas, editor and

chief executive of ITN, said of the acquisition: "ITN intends to remain at the forefront of the news business in both coverage and technology and this was seen as a natural development."

The acquisition grew out of the close relationship that developed while the Newsfury system was being installed in the C4 newsroom.

"When we knew the opportunity was available we moved very, very quickly," Mr Lyon said. A deal was put together in a month. Basys is one of the leading companies in a small, but growing, market which Mr Lyon thinks is about to take off.

The company has about 300 terminals installed in newsrooms in the U.S., Britain and Australia and the number is likely to double this year. Radio and television newsrooms all round the world, will within the next few years have to make the move from paper and pen to computer terminals, he believes.

The Newsfury computer system provides a central bank of information which allows editorial staff to store information, write, correct and edit on screen. News agency copy can be called up directly on the terminals and individual items are automatically timed for bulletin.

## Labour attacks 'identity' cards

FINANCIAL TIMES REPORTER

PLANS to introduce plastic cards for national insurance numbers instead of the traditional cardboard ones will be announced by the Government today.

The Department of Health and Social Security denied Labour opposition charges that use of plastic cards had a sinister motive, enabling checks on identity for security reasons.

The Government said the old cards were too easily lost or damaged. The new ones will be given to school leavers and those getting national insurance numbers for the first time. There are no immediate plans for general distribution of the cards.

Mr Michael Masher, Labour's social services spokesman, said the plan could be a major step towards national identity cards.

## Peugeot unveils hatchback for British market

By John Griffiths

PEUGEOT has unveiled its competitor in the large UK market which has opened up for high performance, medium-sized hatchback cars.

The Peugeot 205GTI, with claimed top speed of 118 mph, is seen as a rival to Ford's highly successful Escort XR3i, Volkswagen's Golf GTI, the MG Maestro and Vauxhall Astra GT/E.

It is to go on sale in April, at a price slightly lower than that of competitors, most of which cost between £8,500 and £7,000.

Even the manufacturers have been taken by surprise at the high level of demand for such vehicles. In the first 11 months of last year, for example, the XR3i version of the Escort accounted for nearly 18 per cent of all Escort sales.

Peugeot hopes the GTI model will give an additional boost to sales of the full range of 205 models, which in the two months it has been on sale in the UK has become easily the biggest selling of all Peugeot and Talbot cars. At present it holds 1.3 per cent of the market, despite restrictions on supplies.

● A car produced jointly in Italy by Alfa Romeo and Nissan of Japan will, after all, be sold through Alfa's dealers in Britain.

The car, introduced to the UK through Nissan's network, has been on sale since August last year as the Cherry Europe. Mr Ric Lee, managing director of Alfa Romeo (GB), has said that he wanted the car, sold on the continent as the Alfa Arna, to be a natural replacement for the Alfaud which is now out of production.

## Citibank effort to join bank clearers may prompt reforms

BY DAVID LASCELLES, BANKING CORRESPONDENT

SOMEWHAT grudgingly, British bankers seem to be resigning themselves to approving Citibank's efforts to become the first foreign bank to join the UK clearing system.

A decision is still several weeks away. But it is clear that while senior bankers do not like the idea of admitting such a powerful competitor, they can find no good reason to turn Citibank down without drawing a barrage of criticism or going against the wishes of the Bank of England which seems to be broadly in favour.

Officially, the sticking point is whether Citibank accounts for more than 1 per cent of clearing volume, which is one of the main requirements for membership of the Bankers' Clearing House. Apparently, it does not. But a banking official said last week: "If that requirement was inflexible you could assume that we would already have said 'no' to Citibank."

Approval for Citibank would not open the floodgates: no other foreign bank comes near to matching the 50 or so branches it has in the UK. But it could prove a catalyst for wider changes in the UK clearing system.

Some bankers, for example, are keen to set the Clearing House on a more independent footing to dispel notions that it forms part of a big bank cartel. Unlike some countries, the UK clearing system is owned not by all participant banks, but by the trade association of the five largest banks in England, the Committee of London Clearing Banks (CLCB) whose members are Barclays, Lloyds, NatWest (and its subsidiary, Coutts), Midland and Williams and Glyn's.

Although these banks will always dominate the system, however constituted, they account for 80 per cent of UK clearing, a little more distance between the CLCB and

the Clearing House, it is felt, would help. The CLCB is looking into ways this could be done.

A more independent Clearing House would also free the clearing banks of the invidious task of deciding who should be members.

The banks are also under pressure to throw the Clearing House open to broader membership. The recent report by the National Consumer Council recommended that the Government review the CLCB's ownership of UK payments and clearing systems if they had not been opened to others "on equitable terms" within two to three years.

Ironically, the CLCB has actually invited other banks to join in the past but been turned down. But it said in response to the report that changes in the system and the evolution of new payment methods would open up the market anyway in the years ahead.

## Guidelines set for privatisation

BY PETER RIDDELL, POLITICAL EDITOR

THE STATE industries on the Government's privatisation list will operate in a framework of "regulated competition," Mr Norman Tebbit, the Trade and Industry Secretary, said yesterday.

Mr Tebbit argued in a television interview that in some cases there were limits to the extension of competition on practical grounds but there would be tough regulation.

His comments were in part intended as a reply to a number of Conservative and free market critics who argue that the current Telecommunications Bill will not allow sufficient competition.

These doubts are expected to be expressed by a number of peers led by Lord Orr-Ewing when the Bill starts to be considered by the House of Lords later this month.

Mr Tebbit repeatedly stressed in yesterday's interview that competition was the priority since it led to an improved standard of service for the consumer. There were, however, limits to competition on grounds of feasibility—for instance, in relation to internal air routes.

On British Telecom, Mr Tebbit said that the Government could have liberalised a great deal around the state monopoly but this would have led to many small private sector competitors which would have been in "an unfair position in relation to the big chap (BT) which would still have access to state funding."

Instead, the Government has decided to privatise BT and allowed limited competition (in the form of the Mercury consortium). Mr Tebbit said this showed that the Gov-



Mr Norman Tebbit

ernment was not being driven dogmatically.

He emphasised, however, the considerable powers of the director-general of the Office of Telecommunications to regulate BT and Mercury, and to protect the consumer.

## Export growth to 'fuel demand'

By Robin Pauley

EXPORT GROWTH is likely to take over from private consumption in promoting demand in the economy during 1984 with gross domestic product rising by 2 per cent and manufacturing output by 2.5 per cent, according to the latest forecast by Cambridge Econometrics published today.

The forecast expects UK exports to rise by more than 4 per cent this year, led by the chemical and motor vehicle industries. For manufacturing as a whole exports are projected to rise by 4.7 per cent and output by 2.4 per cent compared with a forecast output for 1983 of only 0.2 per cent growth in manufactured exports and a 1.1 per cent rise in manufacturing output.

The reasoning for the export improvement, while consumption growth is expected to fall from 3.4 per cent in 1983 to 1.3 per cent this year, is based on a forecast 3.8 per cent expansion in industrial production within the Organisation for Economic Co-operation and Development (OECD) and an improvement in UK competitiveness.

Sterling is expected to weaken further against European currencies, helping exporters with the effective sterling exchange rate forecast to average 81.3 in 1984 against 83.3 in 1983. However, Cambridge Econometrics also expects sterling to appreciate against the dollar to an average value for 1984 of \$1.54.

Although the UK Treasury has made a few pessimistic noises about the lack of room for tax cuts in the spring budget, Cambridge Econometrics assumes tax cuts worth \$500m, taking the view that any miss on the public expenditure plans can be corrected by asset sales or dipping into the contingency reserve.

As the world recovery passes its peak, UK output growth is expected to slow with the continuing rise in unemployment further dampening projects for 1985 and 1986 while inflation averages just over 6 per cent in these two years.

The longer term forecast for 1986 to 1993 predicts average GDP growth of 1.6 per cent a year, mainly on the back of reviving private consumption, stimulated by real increases in average earnings of around 2.2 per cent a year. Government and industrial employment is expected to fall, adding to the jobless totals which would pass 4m in 1987 and 4.2m in 1990.

The fall in employment and growth in output would allow profits to take a gradually rising share of GDP at the same time as real average earnings were rising. "On this basis the employed labour force and owners of capital will continue to benefit at the expense of the unemployed and others on state benefits," concludes the Cambridge Econometrics report.

## BUSINESSMANS DIARY

UK TRADE FAIRS AND EXHIBITIONS		—STATINDEX (01-385 1200) Earts Court	
Current	London International Boat Show (Weybridge (0832) 54511) (until Jan 15)	Feb 2-5	Money Show (01-282 3382) Kensington Exhibition Centre
Current	Harrrogate International Toy Fair (01-226 6853) (until Jan 12)	Feb 5-9	International Spring Fair (01-655 2201) NEC, Birmingham
Jan 10-12	Golf Trade Exhibition (Dundee (0824) 2450) Edinburgh	Feb 10-12	Crafts Dog Show (01-493 7533) Earts Court
Jan 16-19	Pipelines, Pipework, Pumps and Valves Exhibition and Conference (01-637 2400) NEC, Birmingham	Feb 12-15	International Men's and Boys' Wear Exhibition—IMBEK (021-705 6707) Olympia
Jan 17-20	Which Computer? Show (01-747 3131) NEC, Birmingham	Feb 14-15	Computer Seminar and Exhibition (01-839 4901) Press Centre, EC4
Jan 19-22	Home Entertainment — Hi-Fi, personal computer and software accessories exhibition (01-685 7777) Manchester	Feb 21-24	Information Technology and Automation Exhibition and Conference—INFO (01-647 1001) Barbican
Jan 24-26	International Contract Flooring and Wallcovering Exhibition (South Ascot (0990) 24366)	Feb 22-24	Equipment and Services Exhibition for Great Britain—INTTECH (01-637 33291) Paris
Jan 28-Feb	Stationary Industry Exhibition	Feb 25-28	International Commercial Motor Show (020) 5411 411) Amsterdam
Jan 29-Feb 1	International Confectionery, Chocolate and Biscuit Trade Exhibition—INTERCUS (01-439 3964) Paris	Feb 10-13	International Exhibition of Household Goods, Crystalware, Ceramics, Silverware and Gifts—MACEF (01-242 7829) Milan
Jan 31-Feb 5	Holiday and Leisure Fair (Dublin 965711) Dublin	Feb 11-15	International Ladies' Ready-to-Wear Exhibition (St Albans (0727) 33291) Paris
Feb 6-11	International Housewares Fair (01-630 7251) Cologne	Feb 11-19	Copenhagen International Boat Show (45-151 58 11) Copenhagen
Feb 12-16	International Food Fair—ROKA (01-486 1951) Utrecht	Feb 21-24	Asian Petroleum Exhibition and Conference—OFFSHORE S.E. ASIA (01-486 1951) Singapore

## OVERSEAS TRADE FAIRS

Jan 12-17	Arts and Craft Exhibition (01-439 3964) Paris	Feb 9-13	International Commercial Motor Show (020) 5411 411) Amsterdam
Jan 20-29	International Commercial Motor Show (01-2418 Grand Saconnex Geneva) Geneva	Feb 10-13	International Exhibition of Household Goods, Crystalware, Ceramics, Silverware and Gifts—MACEF (01-242 7829) Milan
Jan 25-28	International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON ELECTROTEST (0483 38068) Tokyo	Feb 11-15	International Ladies' Ready-to-Wear Exhibition (St Albans (0727) 33291) Paris
Jan 29-Feb 1	International Confectionery, Chocolate and Biscuit Trade Exhibition—INTERCUS (01-439 3964) Paris	Feb 11-19	Copenhagen International Boat Show (45-151 58 11) Copenhagen
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Feb 6-11	International Housewares Fair (01-630 7251) Cologne	Feb 21-24	Asian Petroleum Exhibition and Conference—OFFSHORE S.E. ASIA (01-486 1951) Singapore

## BUSINESS AND MANAGEMENT CONFERENCES

Jan 8-10	Arab Bankers Association: bankers and contractors (01-629 5423) Abu Dhabi	Jan 22-27	TAVI/HR: "Rethinking and action planning for organisational change" (01-435 7111) Brighton
Jan 12-13	Brunei Management Programme: alternative futures—using scenarios in strategic planning (Uxbridge (0896) 56461) Brunel University, Uxbridge	Jan 24	LCCE: Licensing and technology transfer (0783 56633) Cannon Street, EC4
Jan 15	INSIG: 8th International seminar on "Security in Banking" (Paris 783-07-84) Paris	Jan 25-27	INSIG: 8th International seminar on "Security in Banking" (Paris 783-07-84) Paris
Jan 16	How to finance a new business and its growth (01-539 1233) 116, Pall Mall, SW1	Jan 26	Dun & Bradstreet: time management techniques, a seminar for sales managers (01-377 4377) Kensington Palace Hotel, W8
Jan 17	The Institute of Taxation: Business tax and other financial incentives (01-235 8247) Royal Air Force Club, W1	Feb 1	IPS: improved purchasing management (Stamford (0780) 60, 61) Cafe Royal, W1
Jan 17-17	Conference: aerospace in Asia and the Pacific basin (01-821 1283) Singapore	Feb 6-8	Frost and Sullivan: Human performance engineering (ergonomics) in computer systems (01-486 0334) Cumberland Hotel, W1
Jan 17	CBI Canning House: Inter-American Development Bank (01-379 7400) Centre Point, WC1	Feb 7-8	Spectra: Electronic point of sale—designing the right system for your business (Twyford (0734) 345883) Sheppenshangers Manor, Maidenhead
Jan 18-20	Macfarlane Conferences: The 1984 Pan-European Consumer Advertising and Marketing Symposium (01-637 7438) Royal Lancaster Hotel, W2	Feb 9-10	The Economist: Transatlantic debate over emerging technologies and defence capabilities (01-639 7000) Royal Garden Hotel, W8

## Financial Times Conferences

The following is a list of conferences being arranged by the Financial Times for 1984:

- AEROSPACE IN ASIA AND THE PACIFIC BASIN
- Singapore—January 16 and 17
- THE CITY AND EUROPE
- A TEN YEAR APPRAISAL
- London—February 27 and 28
- CABLE TELEVISION AND SATELLITE BROADCASTING
- London—February 28 and 29
- AUTOPARTS 84 SEMINAR
- WORLD AUTOMOTIVE AFTERMARKET
- London—March 5
- THE EUROMARKETS IN 1984
- London—March 6 and 7
- PENSIONS IN 1984
- A TIME FOR CHANGE
- London—March 12 and 13
- TOOLS FOR COMPETITION
- TOMORROW'S FACTORY TODAY
- London—March 27 and 28
- MULTINATIONALS AND EUROPEAN INTEGRATION
- London—April 5 and 6
- EUROPEAN BANKING
- Milan—April 11 and 12
- THE FINANCIAL TIMES
- WORLD GOLD CONFERENCE
- Hong Kong—May 3 and 4
- SITEV—FINANCIAL TIMES
- WORLD MOTOR CONFERENCE
- Geneva—May 23 and 24

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## THE MANAGEMENT PAGE

## How flexibility bore fruit at Leyland

BY NICK GARNETT

DAVID QUANTON knows a great deal about plant re-organisation. So do the 200 people employed on direct assembly work at the Leyland bus assembly plant at Workington, part of the BL empire.

In the past three years the West Cumbrian plant has coped with the introduction of four vehicles new to it after a period of nine years during which it assembled just one—the National single-deck bus for which the plant was built.

Reorganisation continues apace. Over the next 12 months production lines and work stations will be shuffled around and redesigned—as Quanton, director of the plant, describes. He points expansively to a model of the site on which the lines and stations are represented by neatly trimmed pieces of wood.

So far the workforce has absorbed in its stride production changes implemented in the wake of a much more complex product mixture. And the crucial factor has been an unusual degree of flexibility among the workforce allowing interchangeability of workers between vehicles. "This gives us the ability to switch men to increase production of different vehicles as the market dictates," says Quanton.

This flexibility means that one worker at various times might do almost all the electrical work surrounding the bought-in cable assemblies (plugging and socketing in the speedometer and tachograph, piping up air gauges), then at a further date, and possibly on a different vehicle, be trained to dress engines—adding a gearbox, together with the starter motor, alternator, compressor, belts, engine wiring and throttle cabling.

Such willingness to move across traditional craft boundaries was a key factor in Workington taking on production of the Titan double-decker bus and the chassis for the Olympian double-decker following Leyland Bus's decision to close two other plants—Park Royal, in West London, shut in 1980, and the Bristol commercial vehicle site last year.

Production of the Titan was

switched after the skilled workforce at Leyland's Lowestoft bus plant erected unacceptable obstacles (including a demand for more money) to the introduction of less skilled labour. As well as taking the chassis for the Olympian double-decker from Bristol, Workington has built the Railbus vehicle—utilising a heavily modified National body—in co-operation with British Rail Engineering.

And the plant is also working on and preparing for other vehicles. It will begin assembly next year of some of the Royal Tiger coaches now built at C. H. Roe of Leeds and a new 280 single-deck bus chassis is being prepared for production at the end of next year. Any orders secured by Leyland in relation to diesel multiple units BR has put out to tender would also be assembled at Workington.

The flexibility which has so clearly benefited Workington, is rooted in the origin of the plant, which broke new ground for Leyland when the company began its joint venture agreement with the National Bus Company 13 years ago.

## Coal mines and farms

The plant recruited from the local coal mines, steel plant and nearby shoe factories and farms, setting up a semi-skilled labour force with few time-served craftsmen and with full flexibility written into the labour agreement with unions from the start.

That has been an important factor in the operating efficiency of the shopfloor even though this was not complemented, at least until now, by the same success in matching product to market requirements.

Nonetheless the history of the plant has also underlined the need perpetually to work at a monitor and generally manage a flexibility agreement even when, technically speaking, that agreement encompasses all the cross-work mobility a management could want.

"It's something you have to keep resting," says Quanton. "There's always a tendency to

become protective of a job you like and have been doing for a long time." That is particularly so if someone becomes so proficient that he can create pockets of free time.

While the stark contrast in fortunes between Park Royal and Bristol on the one hand and Workington on the other owes much to the question of workforce flexibility, it also partly results from the facts of plant age and the mathematics of capacity. Workington had excess capacity because market projections for the National and the view the company took on home and export market potential in the 1970s proved incorrect. The bottom fell out of the single-deck market and the National integral body-chassis construction proved disastrous for exports to countries trying to encourage indigenous bus body manufacturing.

Bristol, which was always profitable, closed because of overcapacity within the company. Park Royal shut after management lost a battle to improve a very poor productivity record which left an unpleasant taste even in the mouths of some national union officials.

Much of the plant's efficiency derives, too, from a disciplined system of construction. It's an approach "that gives us our results," says Quanton. Workington represented new steps for Leyland. The site was chosen deliberately to escape from some of the restrictive practices then existing elsewhere in the company.

It was also designed to produce in volume a standardised simply-built bus with a regularised production system, moving away from the industry's normal coachbuilding approach.

Expanding on the flexibility theme, Quanton says: "If it's a routine operation you don't need a skilled man." A group of eight men work three days a week hanging parts ready for painting then spend two days working on Olympian chassis assembly.

In contrast Park Royal had 13 different trade groups and 22 different hourly paid wage rates. While electricians were working on a vehicle they would



After 13 years producing the Leyland National single-decker bus (above) the Workington plant of Leyland Bus took over production of the Titan (top) from other plants because of the flexibility shown by its workforce

not allow a non-electrician to work on it at the same time.

At Bristol, according to one union official, the workforce had shown considerable flexibility. Yet according to the company there were pipe fitters, chassis fitters, electricians and general fitters. The chassis fitter, with a mate, would do quite a broad spread of jobs—taking the frame and installing front and rear axles, engine, gearbox and steering. He would not fit a cable though even if it was logical to do so at that stage. A half-built chassis had to stand idle if there was someone missing from the team assigned to it.

The company has been obliged to adjust the Workington flexibility agreement. Ken Gyles, the works convenor, says that much bitterness was generated by the company unilaterally taking people off jobs, and bringing in someone else to do it. "We were in and out of union meetings in the canteen over things like this," says Gyles.

The Workington plant has been helped by using the experience of other plants on some of the models it has re-

cently taken. Even so its build performance has been impressive in comparison with them. It has been assembling eight Titans a week whereas Park Royal—until the period immediately before closure—never managed more than four or five. It is also building the Olympian chassis in about 12 per cent less man-hours than did Bristol.

The fact that some of the Leyland vehicles, including the National and the Titan, are well-tooled, jig-built easy-assembly buses which lend themselves to the semi-skilled nature of Workington, is an important factor. The skills at Park Royal and, to some extent, Bristol, were just not used or required.

Ken Maciver, managing director of Leyland Bus, says that what is important for any assembly or manufacturing plant is having the skills that that plant and its products require, not necessarily those which industry-wide training as a whole is geared to churning out. For that reason, says Maciver, the engineering industry's training framework already recently revamped, needs re-examining.

## The 'greenfield' route to new working practices

BY BRIAN GROOM AND DAVID MARTIN

"IT IS probably every experienced manager's dream to start a new company and be able to sweep away all the bad policies and practices of the past," says George Harris, personnel manager of Toshiba Consumer Products (UK).

Toshiba did just that 21 years ago when it started a new television company in Plymouth on the site of a former Rank-Toshiba joint venture. It signed a revolutionary deal with the Electrical and Plumbing Trades Union.

Britain is not exactly being swamped with similar examples, but a growing number of employers is using the establishment of "greenfield" operations to break decisively with the inflexibilities of traditional industrial relations.

The Toshiba agreement included sole recognition for the EPTU, equal conditions for manual workers and office staff, flexible working, an advisory board of elected staff representatives, and negotiating procedures ending in "pendulum" arbitration which would help avert strikes.

Harris has been able to report a good measure of success recently. The company is now only a short way behind its Japanese parent in quality and efficiency: it has achieved output targets and has pushed quality yields to 90-95 per cent compared with about 60 per cent in the former joint venture.

Roy Sanderson, the EPTU national officer who signed the deal, recently warned, though that the opportunity to spread Toshiba-type agreements across industry was being lost. Up to a point, he is right. Many older-established factories in industry continue to battle for higher productivity within traditional multi-union structures. In high-technology electronics, meanwhile, unions have been unable to win representation at all in companies like Motorola, Hewlett Packard and Mitel.

But the list of radical deals on greenfield sites is far from negligible. The EPTU itself has reached similar agreements at Immos's new microchip plant in Newport. Sanyo's manufacturing plant in Lowestoft, and, most recently, at the joint BICC/Corning Glass venture in

their new optical fibre plant on Decside.

Although the EPTU is the most successful, other unions are in the market for similar deals. The Transport and General Workers Union has an agreement at Continental Can's Wrexham plant which gives it sole recognition, and gives all staff salaried status, the same pension, sickness and holiday schemes, and a common dining room and car park, in return for complete flexibility in working practices which are aimed at ruling out "who-does-what" disputes.

The attractions for management in such agreements are obvious. They avoid multi-unionism, abolish traditional job demarcations, and—most beloved—give them a well-motivated workforce with a sense of corporate identity. There is more than a nod towards Japanese-style "enterprise unionism."

## Falling rolls

Few unions can afford to turn their backs on the kind of greenfield packages which companies want, for fear of missing out on the chance to boost falling membership rolls. This has given a new twist to the traditional inter-union recruitment battle as competitors display their "wares." The prize is recognition, and often sole bargaining rights.

The "greenfield model" of industrial relations which is emerging is not always identical. Many existing UK manufacturers which set up new plants cannot wholly avoid the weight of tradition and history as represented by multi-unionism, blue and white collar differentials, and job demarcations which persist in their older plants. But they are still taking innovative steps.

Findus, the frozen food manufacturer, set up a new plant in Long Benton, Newcastle, with just two unions—the Amalgamated Union of Engineering Workers and the General and Municipal Workers—instead of the seven in its existing plants on Humberside.

Both unions agreed, though, that their members could be represented by shop stewards from either union. Skilled workers and process operators

agreed to work flexibly and accepted some overlap between the two categories. For example, process workers would carry out line adjustments and reel changes, tasks traditionally reserved for fitters.

For all the challenge is to turn the potential benefits of greenfield site agreements into real ones and sustain them. Ford achieved considerable flexibility when it set up its Bridgford engine plant in South Wales, but recently complained that restrictive union practices were creeping into some parts of the plant.

The EPTU's relative success in winning sole recognition agreements on greenfield sites has brought criticism from some other unions, which argue that it is giving away too many of the union movement's rights and freedoms.

They suspect that some EPTU deals are little short of no-strike agreements—doubtly a clause in the Immos deal in which both sides pledge "to avoid any action which interrupts the continuity of production."

The EPTU denies the charge and argues that if workers walk out, there is little the union can do to stop them. However, so-called "pendulum" arbitration at places like Immos and Toshiba is clearly meant to rule out the need for strikes; arbitrators are required to come down wholly on one side or the other, which in theory encourages both sides to take a moderate and reasonable line.

Part of the EPTU's success has come because many of the companies concerned are in the electrical/electronic field. But it has also made a concerted effort in this area, and recognised that radical policies were needed to get a foothold in high technology industries with little tradition of union membership.

Though the new pattern of greenfield union agreements is varied and the deals are still limited in number, it already has distinctive features. Companies setting up new factories in future—especially those from abroad—will continue to find it attractive.

David Martin is a research officer for Industrial Relations Review and Report.

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- Will the growth of the new media stimulate the production of additional high-quality programming, or will wider choice bring lower standards?
- How much further has the shake-out in the American cable industry still to run?

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Chairman & Chief Executive  
Officer, Group W  
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Monday January 9 1984

A jolt for Bourguiba

THE MANNER in which the Tunisian authorities set about reducing the growing budgetary burden of subsidies on basic foodstuffs provides an object lesson in how not to do the right thing. The decision of the Government on December 28 to double the price of bread, semolina and pasta provoked rioting which affected every major town in the country. The violence was such that President Bourguiba decided last week to rescind the measure. The whole affair was reminiscent of the riots which broke out in Egypt in 1977 after an attempt to reduce government subsidy of the price of bread.

In many developing countries the misallocation of resources and wasteful government expenditure which results from indiscriminate subsidy are traits criticised by the World Bank and the International Monetary Fund in their efforts to improve the economic management of borrower countries. Yet it must be stressed that neither the IMF nor the World Bank advocated the approach to subsidies adopted by the Tunisian Government at the turn of the year.

Removal of subsidy is seldom a painless process but the pain can be reduced by following a few common-sense rules. First, a subsidy on a basic commodity must be removed gradually. Second, the Government must make sure that subsidies remained focussed upon those who really need them—in other words general subsidies must be narrowed in their impact before they are done away with altogether. Third, a government must ensure that the removal of subsidy by making sure that the benefits of development, and the disbursements of other government programmes, flow towards those who are most disadvantaged by the removal of subsidies. Fourth, a government must remain mindful of political elements who may exploit any sense of grievance or discrimination among part of the population.

These rules were forgotten or ignored in the course of political in-fighting in President Bourguiba's Government last year. A man who appeared more mindful of them, former Minister for Economic Affairs Mr Arouz Larraz, resigned last October. He had masterminded a gradual removal of the subsidy on Tunisian energy prices since 1980. The price of kerosene, which is used by the

poorer Tunisians for heating, was raised more slowly than the price of petrol which is used by the wealthier owners of cars and trucks. He left the Government partly because he warned the president, and Prime Minister Mr Mohammed MZali, that a sudden increase in the price of bread would be bound to bring trouble.

He argued that the poorer Tunisian—the 20-25 per cent of the workforce unemployed or only seasonally employed, the slum dwellers in the cities and those who farm the arid centre and South of the country—must be protected from abrupt price rises. Yet the price of the "baguette" loaf which is mainly consumed by the middle classes was increased by less than that of the staple food for humbler Tunisian families.

It is still unclear how the Government committed such an error of judgment. Yesterday the president dismissed his Minister of the Interior, Mr Driss Guiga, and passed his responsibilities to the Prime Minister but it seems doubtful that this minor shake-up goes to the root of the matter. The Government's credibility has been undermined by sporadic in-fighting since 1980 which led last year to the dismissal of an able Finance Minister, Mr Mansour Moalla, in addition to the resignation of Mr Larraz in October. There is a continual pre-occupation with the question of the future succession to the 83-year-old President which distracts attention from issues of policy.

Concentration

It is also clear that the unevenness of the development of the country, much of which has been focussed on the coast stretching south from Tunis, was a prime cause of the violence. The Government appeared out of touch with the facts of life in Tunisian hinterland. This concentration of wealth and political perception is exacerbated by an education system which caters to the bureaucracy and the professions and fails to foster the practical skills that would be of use to a more broadly-based economic development.

In short, poor Tunisians have joined their ruling elite into an awareness that hard thinking will be needed if Tunisia is to continue the economic progress it has made since independence in 1956.

Clear aims for British schools

SUCCESSFUL business organisations have long adopted the principle that defining what one aims to do is essential to doing it effectively. But it has not been put into force in the British education service. Sir Keith Joseph, Secretary for Education and Science, was not exaggerating when he said on Friday that the service still lacked even broad agreement on what it is trying to achieve.

The reason is that the topics taught to children and the levels of knowledge and skill to be attained have traditionally been left to the decision of the heads and teachers of individual schools. Local education authorities responsible for running schools have largely confined themselves to giving gentle advice. Previous Education Secretaries have never gone beyond the edges of the so-called secret garden of the curriculum.

Myth refuted

Sir Keith has broken that tradition. He has not only laid down that all children should study English, mathematics, science, history, and crafts including design and technology until aged 16, but also outlined particular aspects of those topics which almost all school-leavers should have mastered. In doing so he has refuted the myth that what pupils know and do is measured reliably by grades awarded in public exams such as the Ordinary levels of the General Certificate of Education.

The award of a given grade does not denote some absolute level of knowledge and skill in the subject concerned. In most topics the awards are primarily determined by allocating each grade from high to low to a preset percentage of the candidates who entered. Instead of reflecting objective, constant standards of attainment, the grades measure each candidate's performance only relatively against the performances of the other candidates on the statistical assumption that the range of ability among them will be normally distributed and will not change from year to year. This grading procedure means

in effect that only a certain proportion of pupils can be acknowledged as successful. At GCE Ordinary level no more than about 12 per cent of 16-year-olds can obtain a pass grade, and about a half at most can hope for even a Grade 4 in English and Science, the two examinations which the Certificate of Secondary Education covers.

One of the keys to Sir Keith's strategy for sharply improving levels of attainment throughout the child population is the abolition of the existing grading procedures and its replacement by grades which measure knowledge and skills in absolute terms. His plan is to couple this change with the formulation of explicitly defined objectives for schools in terms of what they aim to teach and still more important, what their pupils should understand and be able to do as a result.

High expectations based on defined objectives motivate pupils to give their best, and help teachers to develop pupils' potential more systematically, he said. Although the changes would take some time to achieve, it would be realistic to expect them to enable teachers to educate at least 80 to 90 per cent of all pupils to the kind of level now expected of only half, and in a wider and more practically directed range of subjects to boot.

It is a strategy which looks to have the makings of success especially if it is given the active support of employers as well as parents. But the decisive factor will be the willingness of the various educational interests, particularly teachers' unions, to co-operate in translating the Education Secretary's objective into detailed plans which can be implemented by the schools.

In return for the co-operation, however, he is offering only the negative incentive that unless the proposed changes are given effect the education service cannot hope to be granted real-term increases in its funds. His prospects of success might be better if, in line with his wish for clearer objectives in education, he himself were a bit clearer about the extra resources successful change could be worth.

THE FUTURE OF PEUGEOT

Behind the battle of Poissy

By Paul Betts in Paris



A battle between strikers and non-striking workers at Poissy last week

THE CRUNCH has finally come. Talbot, after three consecutive days of rioting, Peugeot—the French private automobile group embracing the Peugeot, Citroen and Talbot marques—closed until further notice at the end of last week its large Talbot plant at Poissy, in the outskirts of Paris. Every additional day that production remains blocked at Poissy is now putting an extra nail in Talbot's coffin.

But the Talbot affair is not just the latest, if most dramatic, chapter in the recent troubled history of an automobile group which has transformed itself during the past 10 years from a solid but provincial French enterprise into the big league of the European volume producers. The issue has become a crucial test—both for the French left-wing Government and for the country's organised labour movement.

For the Government, the credibility of its industrial policy and its ability to maintain a cohesive dialogue with its social partners are in question. President Mitterrand has committed himself to a pragmatic industrial policy to modernise the French industry by restructuring ailing sectors. But the first real test of such a restructuring has led to some of the worst violence in recent French labour relations.

What is more, the peculiar situation of Poissy, where more than half of the plant's 17,000 workers are immigrants mainly from North and French Black Africa, has turned the issue into a test case of race relations in France. It comes at a time of growing racial intolerance in the country, reflected by the spectacular rise of the extreme right National Front at recent local elections.

The riots, the clashes between members of rival unions and the climate poisoned by racial tensions at Poissy last week also reflected the failure of the main labour confederations to control their rank and file. The decision of local leaders of the pro-Socialist CFDT, the most militant of the confederations in the Poissy labour dispute, to ask the Peugeot management to call in the CRS riot police to evacuate the plant is tangible evidence of how the situation has overtaken the unions.

The future of Talbot must be in serious doubt after the events of the last few days. And Peugeot has already taken steps to enable it to liquidate, if need be, the troubled subsidiary without dragging down the rest of the car group.

Despite these moves and the riots at Poissy last week, Peugeot management insists it wants to maintain Talbot and its strife-torn plant outside Paris as a going concern. "It would be commercial suicide to let go of Talbot," says a company official.

Talbot still has a 4.5 per cent share of the French market. Although this represents a dramatic slump from 8.7 per cent five years ago, the group cannot afford to lose an important chunk of a stagnant domestic market. "If Talbot

went," another official argues, "it is most doubtful whether Peugeot or Citroen would pick up its share of the market. It would probably go to foreign makers who already have more than 32 per cent of our market or to Renault."

The eventual demise of Talbot would not only compromise the French group's aim to become a volume car producer but would severely disrupt its overall strategy, which continues to rely heavily on Poissy as one of the group's main manufacturing poles in France.

The permanent closure of Poissy would inevitably have damaging if not terminal consequences for Talbot's UK and Spanish operations, which rely on components manufactured at the French plant. Both Talbot's UK and Spanish operations are now on the mend. Peugeot expects the UK to report a small loss or to break even for 1983 while its recent agreements with the Spanish Government and labour unions are expected to return the subsidiary into the black.

From the moment Peugeot took over Chrysler's European operations in 1978, Talbot has been a running tale of disaster. In France, Talbot production has nosedived from 43,000 cars in 1978 to 198,500 last year. (In the UK, Talbot produced 35,000 cars last year and 85,000 car kits for Iran while in Spain Talbot production last year totalled 53,000 cars.)

Talbot has consistently lost money. The French subsidiary continues to represent the single biggest financial drain on the Peugeot group which is now likely to see its losses increase in 1983 above the FF2.2bn (£183m) deficit it reported the previous year.

After its expansionary policies of the 1970s with the acquisition of Citroen and then the Chrysler operations, Peugeot has been involved in a difficult and costly restructuring and reorganisation. Three years ago, the reorganisation included the reduction of the worldwide workforce by 65,000 people. The group thought it would break even in 1983 after

losing FF6bn in the three previous years. But, despite the commercial successes of its new Peugeot 205 "super mini" car, Citroen's EX model, the difficulties in merging the Talbot and Peugeot dealer networks in Europe, the low productivity levels of the group's large Panoparis plants, the seemingly irreversible decline of Talbot and an overall debt load in excess of FF30bn gave Peugeot little alternative but to perform additional painful internal surgery.

The company brought in M Jacques Calvet, the former chairman of Banque Nationale de Paris (BNP) who was forced out of France's leading nationalised bank after the Left came to power. The fiery temper of M Calvet is no friend of the Socialists, having been a close collaborator of former President Valéry Giscard d'Estaing. He soon assumed the reputation of being the new Lee Iacocca of Peugeot.

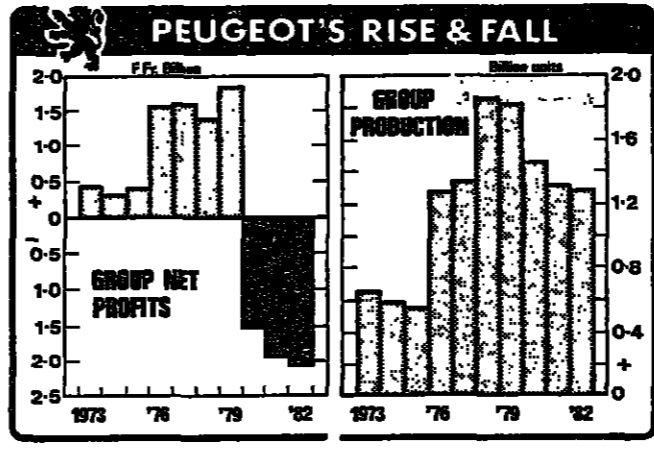
M Calvet has seen his power rise dramatically in the car group. From financial adviser in September 1982, he has now taken charge of the day-to-day running of the group's entire car operations.

Although M Jean-Paul Parayre, one of the engineers of Peugeot's expansion, remains chairman of the car group, he has stepped into the background for the time being. M Parayre remains responsible for the group's long-term strategy. But M Calvet is now in the driving seat and appears to have caused a certain tension in the group's executive suite.

M Calvet's initial cure for the group, unveiled with great clamour last summer, was the decision to reduce the French workforce of the Peugeot and Talbot divisions by 7,500 people, or 10 per cent. This is a record for a French company and involved 2,900 redundancies at Poissy. While the Government and the unions have accepted job reductions through early retirement, they have balked at redundancies.

At Poissy, the job cuts were to be accompanied by a FF1.2bn two-year investment programme to modernise the factory. In an effort to integrate more efficiently the group's manufacturing facilities, production of the Peugeot 104 Z small model and of the 205 "super mini" was in part transferred to Poissy.

The new investment at the plant would be designed to produce a new medium-range car by the middle of next year. This car, already code named "C23", would eventually replace the Talbot Horizon. However, the company emphasises that a decision on whether the car will be manufactured under the Talbot or Peugeot marque has yet to be taken.



Men & Matters

Sultan's thrones

Though Mark Maley still modestly describes his company as shopfitters, his craftsmen are now putting the finishing touches to the throne-room of the Sultan of Brunei's new £200m palace.

Against competition from 12 other companies throughout the world, Abbott and Butters, of Needham Market, in Suffolk, won the contract 10 months ago to make four thrones for the Sultan and his family.

With it came an order to furnish the rest of the throne-room, banqueting hall and reception hall of the 60-room palace, due to be completed by the February 22 independence celebrations of the oil-rich strip on the northern coast of Borneo.

"It was tough finding a good throne-maker," says Neil Locke, of Rosemont Purchasing, the Chicago company charged with the multi-million pound task of buying 8,000 pieces of furniture to fill the palace.

But Maley's men have fashioned the thrones from hand-carved English beech, lacquered and gold-leafed them, stuffed them with horsehair—"the tails of 700 horses from Newmarket"—and covered them with velvet.

They are now being placed on a dais, under an inscribed and richly ornamented silk canopy, on which £15,000 worth of gold leaf also has been lavished.

Maley, who describes the palace as "bigger than St Paul's and one of the modern wonders of the world," hired more than 100 extra craftsmen from all over the UK to augment his permanent workforce of 45 for the contract.

Made in Suffolk, the furnishings were shipped out in 50 container loads, to be fitted by a group of his employees based in Brunei. "I think we bought 160 return air tickets to Brunei during the contract," he says. Maley, chairman, managing

director, and principal shareholder of Abbott and Butters, has taken his company beyond its original base in the last few years.

With a turnover of around £4.5m, some 95 per cent of its work is in export orders. "We are trading in 34 or 35 countries," he says.

Recent jobs have included furnishing international hotels in Cairo and Athens.

"But our real speciality is English pubs," says Maley. "We have just finished a Victorian-style pub in California's Silicon Valley."

Times two

Rupert Murdoch's acquisition of the Chicago Sun-Times—bought last November for \$800m—seems to be following an all too familiar pattern.

First there was the ritual letter from the Australian-born publisher saying that the newspaper would maintain its "high standards and its reputation"—based on a campaigning style which has won it six Pulitzer awards.

But for investigative journalism Murdoch failed to raise sales anywhere near those of the rival Chicago Tribune.

Then at the weekend, as Murdoch became embroiled in

another battle for control or break-up of the Warner Communications entertainment empire, came four resignations from the Sun-Times staff.

The four men include James Hoge, the publisher—equivalent to managing director—and Ralph Otwell, the editor.

Apart from the fact that Hoge tried to put together a rival offer to Murdoch's, the resignations appear to stem from the staff's belief that Murdoch is planning radical changes in the newspaper's style when he formally moves in today.

"He has indicated that he wants to make the paper more lively and emphasise more human interest stories—the usual Murdoch approach," says Charles Nicodemus, chairman of the journalists' union at the Sun-Times.

Mike Royko, the newspaper's leading columnist, has attacked Murdoch on local television, saying that he should "go kick a kangaroo some place."

And according to Nicodemus, quite a few other staffers are investigating the terms of their union's contract which allows voluntary redundancy with pay within 50 days of a change of ownership.

Dog-house

Journalists, however, can be just as hard taskmasters as men like Murdoch.

A long list of policy resolutions, under the stern title, "Censure," is on the agenda for the annual conference of the National Union of Journalists in Loughborough in April.

All are aimed at Tony Craig, editor of the NUJ's own newspaper, The Journalist, which some thought he had transformed this past year into a well-written and informative sheet.

Clearly not the London Farringdon branch—covering among others, The Guardian and the Morning Star—which accuses him at length of being "incompetent, inaccurate,

unpunctual, lacking in editorial judgment and boring."

Craig is castigating for "misguided and grudging coverage" of union disputes, including last year's FT stoppage; the "unparalleled scandal" of failing to report a lock-out of well-known Latin American News Letter; and urged to resign.

Others add to his sins of omission—and complain that they have been compounded by his provocative sexism in continuing to publish the John Kent cartoon, Varoomshka.

Who says dog never bites dog?

Advice note

The Consumers' Association of Canada has been much embarrassed by its failure to take its own constant advice to millions of Canadian shoppers: "Always read the small print."

Four years ago, the association ordered a C\$6,000 computer system, but despite great effort was unable to assemble the parts into a working unit.

Now its breach of contract suit against the supplier of the components has been dismissed by an Ontario Supreme Court judge. Reason: the contract's small print said the supplier was not responsible for guaranteeing the components would work together.

The association is now using one box of useless components as a doornop. The director of testing and research says: "Censure," is on the agenda. "We're thinking of investing a few more dollars to use it as a stool in the library so people can reach the higher shelves."

Ready wit

Sign in the window of a New York loan company: "Please call on us at your earliest inconvenience."

Observer

tors, are due to come up in the next few months.

The outcome of Talbot could clearly set a mood (and so far at least) for other industrial restructuring, especially in the automobile industry and more specifically in the large troubled car plants of the Paris area which have lived under a state of racial tension for the past two years.

The affair has backfired on the administration which, without adequately consulting the unions, reached a quick agreement with the company over the Poissy redundancy plans before Christmas. What is more, the Government, like the unions, appears to have miscalculated and misjudged the reaction of the immigrant workers at Poissy. At a time of economic recession and growing racial intolerance in France, many of these immigrants have lost confidence in the unions and the left-wing Government.

A North African worker at Poissy eloquently summed up the feeling of immigrants last week saying: "We are at the root of all the problem. No one wants or needs us any more. No one in France, the Government or the unions, is really

FRENCH CAR MARKET

(Top 10 by marque in 1982)  
 Cars registered

1 Renault	804,940
2 Peugeot	261,374
3 Citroen	248,975
4 Ford	172,815
5 Talbot	111,610
6 Volkswagen	100,685
7 Fiat	83,995
8 Opel	81,541
9 BMW	33,467
10 SA	32,243

Source: GSCA

going to fight for our rights and dignities. They hope the problem will go away and that we will go away."

Many immigrants, to the surprise of the administration and the unions, have asked for adequate repatriation allowances to return home. So far, the Government has offered to increase the repatriation allowance from FF20,000 to FF40,000, but the immigrants at Poissy are asking for FF200,000 each.

The next few days will be crucial therefore not only for the survival of Talbot but for the evolution of the social and industrial situation in France. The rioting reached a rare level of violence last Thursday, and conceivably, this may have a cathartic effect, helping to clear the way for an eventual solution. All the same the situation remains unpredictable and tense. As one Peugeot official puts it, "the question is how to find a way out of this infernal vicious circle: the company must make redundancies; the Government must appease the unions; the unions must accommodate the rank and file."

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POLITICS TODAY

The tortoise and the hare

By Malcolm Rutherford

SIR GEOFFREY HOWE, the British Foreign Secretary whom many people still think of as the Chancellor of the Exchequer, likes to remark that when he was at the Treasury all the international crises were economic. Now that he is at the Foreign Office, they are all foreign.

operated on economic policy in the days when Sir Geoffrey was Chancellor. Some of the sparks were already sent flying in Mrs Thatcher's interview on Independent Television News last week. Referring to the \$24m rebate overdue to Britain from the European Community, she said: "We need the money, it's ours, it's due to us, it's promised."



There is, of course, a corollary: if Britain falls out with America, where does Britain turn? The very mention of the question prompts the answer from the British Government that the special relationship must be maintained at almost any cost.

There is, yet it recognises with relief that it may have worked. The conclusion that it has drawn is that it is necessary to co-operate even more closely with America. The case being put to Washington is that if America falls out with Britain, its most natural ally in Europe, it can scarcely expect to do better with (say) the French or the Germans. It is assumed that the message has been received.

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Lombard How tax revenue has risen

By Samuel Brittan

MUCH HAS been made of the fact that the public expenditure percentage has risen under the Thatcher Government. But much less has been said of the accompanying rise in the tax burden; and still less on who has to bear the burden.

MARKET table with columns for various market indices and their values.

THE RISING TAX BURDEN table showing % of GDP at market prices for 1978 and 1982, broken down by Income, Expenditure, and Capital.

Letters to the Editor

Pension schemes and use of surplus funds

From Mr J. Young Sir, — John Garnett, of the Industrial Society (December 29), considers that an occupational pension fund can only have a real "surplus" if and when it is wound up, so that, in the meantime, even if the actuary certifies that there is more money in hand than is likely to be needed, it will always be wrong to repay employers' contributions.

be expected to be more even-handed (or, at least, analytical). His view seems to rest on "the whole meaning of a trust" as being "to give them (the employees) security that the fund assets are finally alienated from the employer's assets so that whatever happens the fund is sacrosanct."

trust deed and while it might be a good general rule that the beneficiaries' prior consent ought, in any case, to be needed before such a potential weakening of their security takes place, it is not reasonable to exclude the possibility of a refund.

Personal computers and Customs

From Mr I. Mackay Sir, — I read with sympathy the letter from Professor Abbarit (December 20) concerning the poor attitude of Customs officials to the movement of personal computers. Such situations can convince one that some Customs officials perceive their work to be the obstruction of the work of others.

Naming the sponsors

From the Managing Director, Marketing Unit, The Arts Sir, — How sad that William Preker (January 1) in his scholarly and wide-ranging article on art in 1983 saw fit to exclude all mention of those sponsors whose subsidies in many cases made possible the exhibitions to which he referred.

demand into the economy there are surely better ways of doing it than employing 8,000 more workers than necessary to produce a given amount of electricity. Moreover, if this is marginal extra, coal that would otherwise be sold the chances are that it would be lost making. If it is not, there is no problem.

(December 5) and the debate which followed. I find the Save Britain's Heritage book absolutely splendid, not only because it is accurate at the City level but also because of its international significance.

Approach the London Chamber of Commerce and obtain from it an ATA carnet which you complete with its assistance. The carnet contains a complete schedule of the professional equipment which you will carry, with a copy for each border that you will cross.

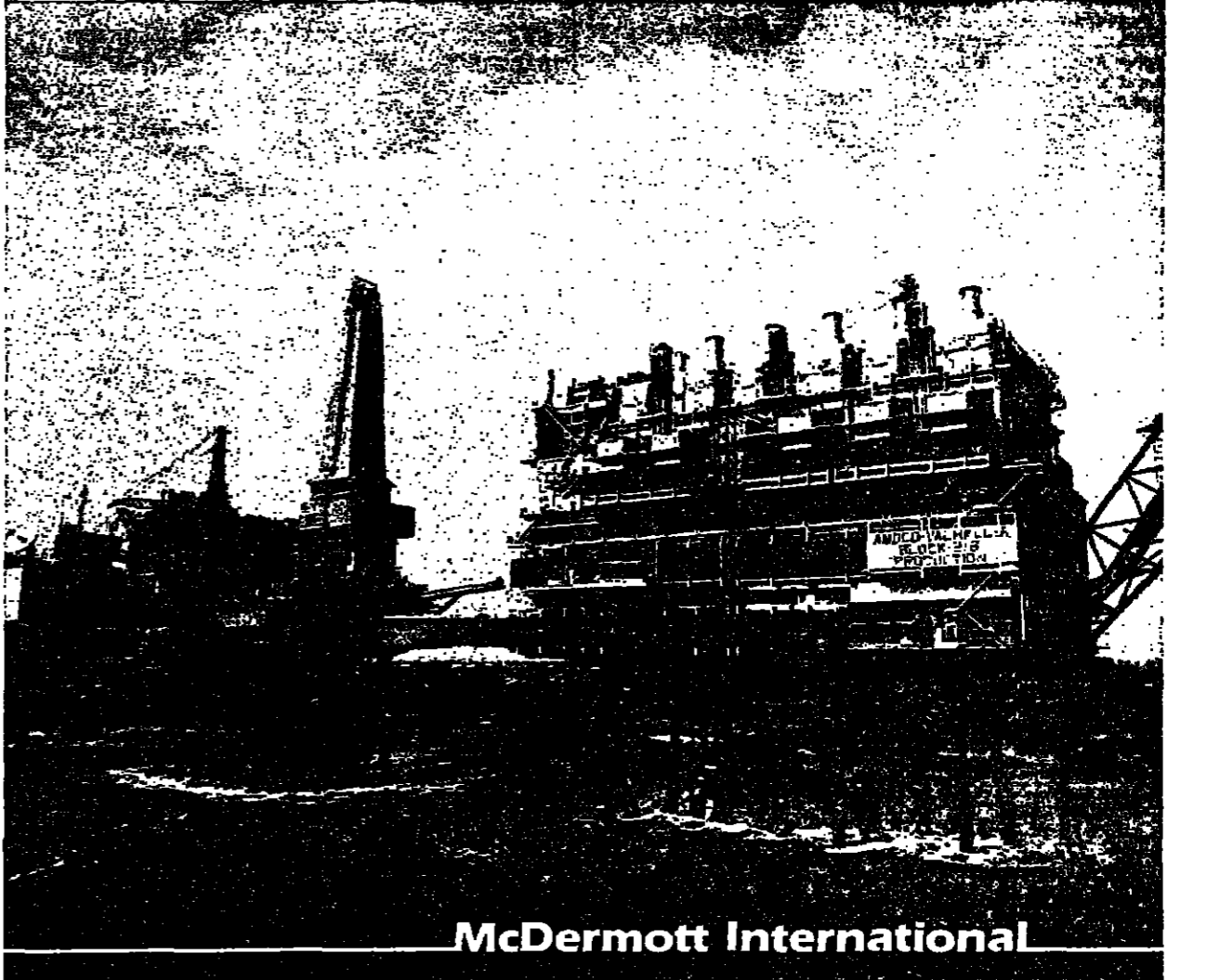
Coal or nuclear at Sizewell?

From Dr L. Brookes Sir, — I begin to think we are turning economics on its head when I read (December 28) that the Cambridge Economic Department favours a coal-fired station at Sizewell, even though it may produce more costly electricity than a nuclear station, because it would employ 8,000 more people.

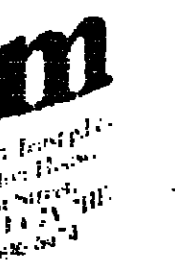
(Dr) L. G. Brookes, 16 Ipswich Road, Bournemouth

From splendour to banality

From the President Italia Nostra Sir, — I read your article "From Splendour to Banality"



McDermott International advertisement text: McDermott's experience pays off during North Sea winters. With an effort spanning three Norwegian winters, McDermott's North Sea Division managed the fabrication, installation, and hook-up of a three-platform drilling and production complex for the Vahall Field.











INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS Credit market marks time as investors return to equities

THE U.S. BOND market started 1984 quietly. While share prices in the U.S. and overseas surged towards their all time highs and the U.S. dollar soared to new peaks against several currencies, U.S. bond prices hardly budged.

The contrast was all the more marked since investment pundits were attributing the strength of Wall Street to the promise of lower interest rates on other things. Institutional investors who had been waiting on the sidelines for several months as U.S. equity prices moved sideways returned to the market in force last week and trading volume reached a record of 160m shares on Thursday.

Thursday. But the investment flows bypassed the bond market and were funnelled into equities.

Norfolk Southern may make offer for Conrail

NORFOLK SOUTHERN, the big U.S. railway holding company, is studying the possible acquisition of Conrail, the U.S. Government owned railway system which operates 15,000 miles of track in the north-east and Midwest.

Norfolk Southern said preliminary studies indicated that Conrail would be a "logical addition" to the company's system. However, Mr Robert B. Claytor, chairman and chief executive, said: "We will make an offer for Conrail only if such studies show that an investment in Conrail would produce a satisfactory return."

He added that feasibility studies could be completed only with the co-operation of Conrail and the U.S. Department of Transportation, but said the company expected to receive that co-operation.

Norfolk Southern, formed through the consolidation in June 1982 of the Norfolk & Western Railway and the Southern Railway, has an 18,000 mile rail system spanning some 21 states east of the Mississippi. A merger with Conrail would create the largest railway in the eastern U.S., exceeding the 37,000 mile system of CSX,

Substantial loss for Pittston

PITSTON, THE Connecticut-based oil and mining group, is to make a fourth quarter charge of \$110m against the closure of some of its coal mining facilities and reserves.

The effect of the charge will be to push Pittston into substantial losses for 1983 year, said Mr Paul Douglas, chairman, and Mr Paul Douglas, chairman, said there was little prospect of improvement in the current year.

Pittston said it had acted because of the unexpectedly sharp deterioration in the coal market. Most of the facilities being written off were nearing the end of their useful lives and could not produce as efficiently as other Pittston coal activities.

Strong performance by KLSE in 1983

FIFTEEN COMPANIES on the Kuala Lumpur Stock Exchange had a market capitalisation of over 1bn ringgit (U.S.\$428m) at the end of last year, compared with only eight at the start.

It was a year in which the KLSE, in line with other world bourses, performed strongly, with the KLSE Industrial Index rising by over 40 per cent to 600 points and the plantation index surging ahead by 65 per cent to over 1,200 points.

Other plantation companies also performed well, with Harrison's Malaysian Plantations moving from seventh to 28th place. Consolidated Plantations moved from ninth to seventh and Kuala Lumpur-Kepong from 17th to 10th with market capitalisations of 2,990, 1,750m and 1,190m ringgit respectively.

Top executives quit Sun-Times

FOUR TOP executives of the Chicago Sun-Times newspaper, including Mr James Hoge, its publisher, have resigned in advance of today's newspaper by Mr Rupert Murdoch, the Australian news entrepreneur, AP-DJ reports from Chicago.

It had been widely rumoured that some Sun-Times executives planned to leave the newspaper due to displeasure over prospective changes. Also Mr Murdoch had been expected to name a new publisher and was said to plan other personnel changes and staff reductions.

Field Enterprises last month agreed to sell the Sun-Times and related properties to News America Publishing, controlled by Mr Murdoch, for more than \$90m. Field Enterprises is co-owned by Mr Marshall Field and his brother Frederick.

Other Sun-Times executives who resigned were Mr Ralph Otwell, executive vice-president and editor, Mr Thomas M. Tallarico, executive vice-president and general manager, and Mr Robert M. McCormick, executive vice-president sales

INTERNATIONAL APPOINTMENTS

Mr Anthony D. Shanagher, chief financial officer at Allegheny International.

Mr Stan Silk has been appointed to the newly-created position of director of production and sales for ATLANTIC RECORDS and ELEKTRA RECORDS.

Mr F. G. "Bud" Battersfield has been elected a director of CBI INDUSTRIES INC. He has served since late 1982 as a senior vice-president and as president of CBI Offshore, Inc.

Mr Mike Beard has joined international public relations consultants BURSON MARSHALL STANLEY as a director of operations in Singapore.

Adam software deal for Coleco

COLECO INDUSTRIES, the U.S. toys and games manufacturer, has signed an agreement with Digital Research, of Pacific Grove, California, under which Coleco will use Digital's personal CP/M operating system.

Coleco will manufacture the software on floppy disks and digital data packs. It adds the use of the software would open up the large base of CP/M software.

Under the restructuring of the senior management of FIREMAN'S FUND INSURANCE COMPANY, a wholly-owned subsidiary of American Express, Mr Sanford I. Weil, president of American Express Company, has assumed the additional position of chairman of the board and chief executive officer of the Fireman's Fund holding company.

Mr James A. O'Neil, former chairman and chief executive officer of the U.S. property and liability operations of Fireman's Fund, has been elected a director of the holding company and chairman and chief executive officer of Fireman's Fund.

New chief at Sun Life of Canada

SUN LIFE ASSURANCE CO. OF CANADA, has elected Mr John A. Brindle as its president. He will continue to be based in the Toronto head office.

Dr Merton H. Miller, a faculty member of the University of Chicago's Graduate School of Business, has been elected a public director of the CHICAGO BOARD OF TRADE.

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FT INTERNATIONAL BOND SERVICE

Table with columns for U.S. DOLLAR, EURO BOND TURNOVER, and various bond listings including YEN STRAIGHTS, OTHER STRAIGHTS, and FLOATING RATE.



Outlook 'reasonably encouraging' at Whessoe

THE GROSS order book value and cash position of engineer Whessoe remain strong and the general outlook is 'reasonably encouraging', Lord Erroll of Hale tells shareholders in his annual report.

After allowing for uncertainties, he says, the directors consider that the group's pre-tax profits for the year to September 1984 are unlikely to fall materially short of that for the year just ended.

As already known, taxable profits for the 12 months to September 24 edged ahead from \$6.51m to \$8.88m on higher turnover of £11.35m compared with \$56.18m, which compares per share given as 22.7p (28.1p) the year's dividend was raised from 5p to 5.5p net after a maintained final of 2p.

At the year-end shareholders funds stood at \$28.56m (£28.97m), tangible fixed assets were valued at £16.65m (£15.11m) and net current assets came to £11.51m (£12.6m). During the year there was a rise in working capital of \$378,000 (£238m) including a decrease in net liquid funds of \$3.41m (increase £10.34m).

Meyer International

Meyer International's wholly-owned subsidiary, Meyers, has acquired the goodwill trading assets of Immins, a well-established builders' merchant situated at Coleford, near Monmouth.

Total consideration, to be satisfied in cash, is approximately £290,000.

Bus grant phase-out 'could hit Plaxtons'

WITH the phasing out of the bus grant, Plaxtons (GB), the Scarborough-based coachbuilder, says reduced industrial activity and a consequent work on which many operators rely in winter months.

Mr F. W. Plaxton, in his chairman's report, says that during the past four years a combination of several factors has changed the status and requirements of British coach travel.

The 1980 Transport Act cancelled the need for operational licences, and set demand from coach operators has trended towards rear-mounted engines, air suspension and vehicles of integral construction.

The bus grant, originally set at 50 per cent and intended to upgrade the standard of vehicles used on stage carriage work, will be finally phased out in March.

Mr Plaxton says the ensuing 'free-for-all' is producing mixed results. More passengers are being attracted to express coach services and to economic overnight shuttle travel to European destinations.

Chemring sees expansion

The directors of Chemring, electronic countermeasures producer, expect the level of sales and profits to continue to grow, and that the company will further strengthen its position in the world market.

Mr Ian Fairhead, chairman, also says in his annual review

Allied-Lyons buys hotel for £1.05m

ALLIED LYONS has further expanded the number of hotels in its Embassy Group by buying the Gloucester Hotel and Country Club for £1.05m.

The £700,000 will be raised by the issue of 44,118 Allied-Lyons shares and the group will repay £350,000 worth of loans owed to Reed Stenhouse.

The hotel and country club which include 200 acres of land, a 77 room hotel, restaurant and conference centre, will be operated by Embassy Hotels.

Samuel Montagu, financial adviser to Reed Stenhouse, has purchased a further 100,000 shares in Stenhouse Holdings at 132½p per share.

Reed Stenhouse now owns 15,193,169 shares, representing 30 per cent of the capital of Stenhouse Holdings.

Guaranty Nominees

Guaranty Nominees, a wholly-owned nominee company of Morgan Guaranty Trust Company of New York, has an interest as depositary in

the 1983 target of \$1bn (£680m) of polished gem stones has been achieved, representing a rise of 10.5 per cent on the 1982 total of \$906m, but still well below the 1980 record of \$1.4bn.

The improvement during the past 12 months was largely a reflection of the recovery in gem demand in the U.S. market which has reduced its holding of Israel's total overseas diamond sales. At the same time, the polishers managed to reduce the large stocks they held two years ago.

Share stakes

Glaxo Holdings - Morgan Guaranty Trust Company of New York through its nominee holds 59,696,434 ordinary.

Montagu Investment Trust - A result of the sale of 803,000 ordinary on December 30 1983 the Electrical Contractors Association is beneficial owner of 523,000 ordinary shares (5.2 per cent).

Also, as a result of a purchase of 803,000 ordinary shares on the same day Drayton Consolidated Trust is the beneficial owner of 8 per cent of the ordinary shares of 492,258 ordinary held as trustee by Dr A. G. Wolstenholme.

Chapman Industries - BPM Holdings and Mr R. P. R. Riffle as a director of Chapman and as a director of BPM, has purchased 142,000 ordinary shares, bringing the total holdings of BPM to 567,000 ordinary shares (22.7 per cent).

Britannia Arrow Holdings - United Kingdom Temperance and General Provident Institutions interest has been increased to 34.2 per cent of ordinary shares (22.7 per cent).

Avon Rubber - Transnactors Establishment has become the beneficial owner of a further 50,000 ordinary shares and now holds 950,000 shares (14.31 per cent).

Elwick-Hopper - Mr R. I. Blumfield, a director, has disposed of 180,000 ordinary shares at 99p each, and now holds 1,006 shares.

Wigate Property Investments - Sovereign Trustees and S. A. Lane have reduced their holding below 5 per cent.

Joseph Webb Holdings - Directors Mr D. R. Morgan and Mr R. C. Evans, who have disposed of the following shares: Mr J. M. Webb 1881 settlement 67,500 ordinary shares at 22p each; Mr D. R. Morgan (wife) 1981 settlement 32,500 ordinary shares at 22p each.

Hartons Group - Matanie Investments has increased its interest to 250,000 shares (9.3 per cent), and Mr Max Maimann, his family and associates, are interested in 17,025 ordinary shares (6.34 per cent).

Tern Consultancy - Mr P. J. Barden, a director, has purchased 25,000 ordinary shares and now holds 989,125 shares (18.62 per cent).

Beywood Williams - Mr M. R. Broadhead, a director, has purchased 10,000 ordinary shares. Beneficere Estates - Mr D. M. Pickford, a director, has sold 10,000 ordinary shares from his beneficial holding and 14,500 ordinary shares from his non-beneficial holding.

F. H. Tomkins - Mr G. Hutchings, a director, Simon and Coates, and County Bank are interested in 6,822,525 ordinary shares.

Caparo Industries - Mr S. Paul, a director, has purchased a further 50,000 shares and now holds 100,000 shares. Mr J. A. Leek, a director, has purchased

the 1983 target of \$1bn (£680m) of polished gem stones has been achieved, representing a rise of 10.5 per cent on the 1982 total of \$906m, but still well below the 1980 record of \$1.4bn.

The improvement during the past 12 months was largely a reflection of the recovery in gem demand in the U.S. market which has reduced its holding of Israel's total overseas diamond sales. At the same time, the polishers managed to reduce the large stocks they held two years ago.

Israel's imports of rough (uncut) diamonds last year increased by 30 per cent in terms of carat weight and even more in terms of dollar value. Simultaneously the polishing industry's debts - mainly to banks - were cut from a high of \$700m in 1981 to less than half that sum.

Interesting gold values have been obtained by Cambo Mines and Holloway Townships, some 40 miles north of Kirkland Lake in Ontario. So far, 53 holes have been put down and stratobound gold mineralisation has been found within a succession of

Choice purchase by EMAP

EMAP has acquired Choice Publications and its subsidiary companies, The Retirement Choice Magazine Company and The Over Fifty Club.

Titles included in the sale are: "Choice", the monthly magazine for leisure and retirement planning; "Money and Your Retirement", which is updated after every budget; "The Retirement Briefing File", widely used on courses and seminars, and other related titles.

FT Share Information

The following securities have been added to the Share Information Service:

Asia Oil & Minerals Ltd. (Section: Mines-Australians). Asplund Holdings (Leisure). Federated Housing (Buildings). Fogas (Industrials). Page (Michael) Partnership (Paper, Printing & Advertising). Prodimar (Industrials). V. W. Therman (Industrials).

MINING NEWS IN BRIEF

The slow, but steady, improvement in the Israeli diamond polishing industry is continuing, reports L. Daniel from Tel Aviv.

The 1983 target of \$1bn (£680m) of polished gem stones has been achieved, representing a rise of 10.5 per cent on the 1982 total of \$906m, but still well below the 1980 record of \$1.4bn.

The improvement during the past 12 months was largely a reflection of the recovery in gem demand in the U.S. market which has reduced its holding of Israel's total overseas diamond sales. At the same time, the polishers managed to reduce the large stocks they held two years ago.

SHARE STAKES

Corporation's holding increased to 5.11 per cent of the ordinary share capital.

Arthur Bell and Sons - The Gannochy Trust, has disposed of 300,000 ordinary shares, making its total holdings 6.7m shares (6.01 per cent).

Castings - Mr J. F. Cooke has reduced his holding by 30,000 to 521,244 shares (7.71 per cent). Mrs Susan Patricia Davis has increased her holding by 10,000 to 360,000 shares (5.32 per cent).

Aralmore Investment has acquired 56,989 ordinary shares increasing its holding to 805,465 shares (being 6.15 per cent of the ordinary share capital as increased by the exercise of

the option). This holding is included in the interests notified by Mr R. D. Poore as shown above.

KCF - Morgan Guaranty Trust Co of New York now has an interest in 596,201,357 ordinary stock, of which 595,125,858 is registered in the name of its nominee company Guarantee Nominees.

Manganese Bronze - Under the share option scheme the following directors have increased their holdings: Mr R. D. Poore 59,989 ordinary shares (0.05 per cent); Mr J. W. Lennox 1,494 beneficial; Mr L. A. Jarvis 3,812 beneficial shares.

Ladies Pride - Esal (Commodities) has reduced its holding of ordinary shares by 520,000 to 477,750 shares (5.82 per cent).

Charles Baynes - Electra Investment Trust has acquired a further 40,000 ordinary shares and is now interested in 850,000 shares (7.99 per cent).

DJ Security Alarms - The Hill View Group now holds 326,800 ordinary (3.17 per cent). Prince of Wales Hotels - The interest of Epicure Holdings has been reduced by 400,000 ordinary shares to 504,089 ordinary (3.95 per cent).

Aurora - Mr P. M. Wright, a director, has acquired 50,000 9 per cent convertible cumulative redeemable preference shares of 477,750 shares (5.82 per cent).

Charles Baynes - Electra Investment Trust has acquired a further 40,000 ordinary shares and is now interested in 850,000 shares (7.99 per cent).

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EQUITIES

Table with columns: Issue price, Amount paid, Latest price, 1983-84 High/Low, Stock, Change, Div. Yield, P/E Ratio. Includes entries for Brownmaker, Cable & Wireless, etc.

FIXED INTEREST STOCKS

Table with columns: Issue price, Amount paid, Latest price, 1983-84 High/Low, Stock, Change, Div. Yield, P/E Ratio. Includes entries for Allied Textile, Arden Elec, etc.

"RIGHTS" OFFERS

Table with columns: Issue price, Amount paid, Latest price, 1983-84 High/Low, Stock, Change, Div. Yield, P/E Ratio. Includes entries for Air Call, Charterhall, etc.

Information data usually has day for dealing day of stamp duty. Figures based on preliminary estimates of dividend and profit on a per share basis. Dividend and profit based on previous year's earnings. If dividend and profit based on previous year's earnings, the dividend and profit based on previous year's earnings. If dividend and profit based on previous year's earnings, the dividend and profit based on previous year's earnings.

£50,000 Guaranteed Sterling/US Dollar Payable

Lloyds Eurofinance N.V.

(Incorporated in the Netherlands with limited liability)

Guaranteed on a subordinated basis as to payment of principal and interest by

Lloyds Bank Plc

(Incorporated in England with limited liability)

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Plc, and Citibank, N.A., dated July 2, 1980, notice is hereby given that the Rate of Interest has been fixed at 11.25 per cent. The relevant Interest Payment Date is July 6, 1984 (making an interest period of 182 days), and payment will be made against Coupon No. 8.

The value of Coupon No. 7 payable on January 6, 1984 is US\$74.94.

January 9, 1984, London. By: Citibank, N.A. (CSI Dept.), Agent Bank CITIBANK

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus) have been tentatively notified. Dividends to be declared will not necessarily be for the amounts in the column headed "Announcement last year".

Table with columns: Date, Announcement last year, Date, Announcement next year. Includes entries for Lloyds Bank, Phoenix, etc.

Granville & Co. Limited

Licensed Dealer in Securities 27/28 Lovat Lane London EC3R 5EB Telephone 01-621 1212

Over-the-Counter Market

Table with columns: Capitalisation, Company, Price on week div. (p), Change, Gross Yield, P/E, Fully Paid. Includes entries for Aca. Brr. Ind. Ord., Aca. CULS, etc.

Board Meetings

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown are based mainly on last year's timetable.

Table with columns: Company Name, Date. Includes entries for Fimco, G. Barr, Fleming, etc.

Kirsh Trading Group Limited

(Formerly Checkers Stores Limited and previous to that Greenmans Stores Limited) (Incorporated in the Republic of South Africa)

Table with columns: Authorized ordinary shares, Issued ordinary shares, Up to, Issued convertible preference shares, etc.

The Council of the Stock Exchange has admitted to the Official List up to 2,750,340 additional ordinary shares of 50 cents each and up to 11,238,825 per cent convertible preference shares of 1 cent each.

JESSUPS

Main Dealers for Vauxhall-Opel, Bedford and Ford, Vehicle Leasing and Rental

Table with columns: Year to 31st August, 1983, 1982, Increase. Includes entries for Turnover, Profit before tax, etc.

Mr Alan Jessup, Chairman, reports:-

- \* Increase in Vauxhall sales contributed to our continuing position as one of the leading Vauxhall-Opel dealers. \* Ford retained their market leadership and we achieved good results from our dealerships. \* Leasing has shown improved profit and is expanding. \* Dividend is covered over 5 times. Scrip issue of 1 for 1. \* We look forward to 1984 as a year of further improved performance.

Copies of the Report and Accounts are available from: The Secretary, Jessups p.l.c., London Road, Romford, Essex RM7 9QS

FINANCIAL TIMES STOCK INDICES

Table with columns: Jan. 6, Jan. 7, Jan. 8, Jan. 9, Dec. 29, Dec. 30, 1983:84 High/Low, Since Completion High/Low. Includes entries for Government Secs., Private Ind., etc.

Phibro-Salomon Warrants

To buy or sell 1,000 units of a warrant at a fixed rate

Table with columns: Strike Price, Deutsche Mark, Strike Price. Includes entries for Call 1.52 U.S.\$18 1/4, Put 1.46 U.S.\$83, etc.

Offering prices as at London's Friday close

Salomon Brothers International

1 Angel Court, London EC2R 7HS. Tel: 01-600 9171







AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices January 6

Table of American Stock Exchange Composite Closing Prices for January 6, 1984. Columns include stock symbols, prices, and changes. Includes a 'Continued on Page 18' note at the bottom right.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices. Columns include stock symbols, prices, and changes. Includes a 'Continued from Page 16' note at the top left.

Follow the Leader

Do you want to reach the top international financial specialists in European industry? In mid 1982, the Financial Times, The Economist and Euromoney commissioned Research Services Ltd. to conduct a study amongst these senior international financial specialists in order to discover what they read.

Table showing readership percentages for various publications. Publications include Financial Times, FAZ, Handelsblatt, Le Monde, IHT, Neue Zürcher Zeitung, Wall Street Journal, Business Week, Economist, Time, Newsweek, Institutional Investor (Inted), and EuroMoney.

The published report is now available, and the results show that the publication most widely read by this prime target group was the Financial Times. By comparison, the table below shows the readership figures for some of the other 40 publications that were covered by the research.

For more information about this research, or the position of the FT in the European market place, please contact your local Financial Times representative or the Market Research Department of the Financial Times.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



WORLD STOCK MARKETS

Indices NEW YORK DOW JONES 1983-84 Since Comp'l'tn High Low High Low

INDICES 1983-84 Since Comp'l'tn High Low High Low

AUSTRIA 1983-84 Jan. 5 Price High Low

CANADA 1983-84 Jan. 6 Price High Low

ITALY 1983-84 Jan. 6 Price High Low

HONG KONG 1983-84 Jan. 6 Price High Low

STANDARD AND POORS 1983-84 Since Comp'l'tn High Low High Low

INDICES 1983-84 Since Comp'l'tn High Low High Low

GERMANY 1983-84 Jan. 6 Price High Low

NETHERLANDS 1983-84 Jan. 6 Price High Low

NORWAY 1983-84 Jan. 6 Price High Low

NETHERLANDS 1983-84 Jan. 6 Price High Low

NEW YORK ACTIVE STOCKS

NETHERLANDS 1983-84 Jan. 6 Price High Low

NETHERLANDS 1983-84 Jan. 6 Price High Low

NETHERLANDS 1983-84 Jan. 6 Price High Low

NETHERLANDS 1983-84 Jan. 6 Price High Low

NETHERLANDS 1983-84 Jan. 6 Price High Low

AMERICAN STOCK EXCHANGE CLOSING PRICES

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AMERICAN STOCK EXCHANGE CLOSING PRICES

AMERICAN STOCK EXCHANGE CLOSING PRICES

World value of the pound every Tuesday in the Financial Times

World value of the dollar every Friday in the Financial Times

A GUIDE TO FINANCIAL TIMES STATISTICS. Know what 'new time' dealings are: Dividend limits, strategies, profit rates? Do you really know your way around the statistics pages of the Financial Times? Understand the vital information locked up in those tall-tale figures?







AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Sp of Unit Trusts Ltd, Crown Unit Trust Services Ltd, and others, with columns for name, address, and contact info.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts with columns for Name, Address, and other details. Includes entries like Royal London Unit Trst, National Provincial Inv. Mgrs. Ltd., and many others.

Table of insurance companies and their details, including names, addresses, and contact information.

INSURANCES

Table listing various insurance policies and services, including life insurance, fire insurance, and other financial products.

Insurances-continued

Continuation of insurance listings, including details for various life and general insurance policies.

Table listing financial services and investment options, including mutual funds and other investment vehicles.

Table listing various financial products and services, including insurance and investment options.

Table listing money market and trust funds, including details for various investment funds.

F.T. CROSSWORD PUZZLE No. 5311

- List of crossword puzzle clues, including '1 Parking, reverse badly, causing jam (8)', '5 Makes rotten beers (about 1,000 in two halves) (6)', etc.

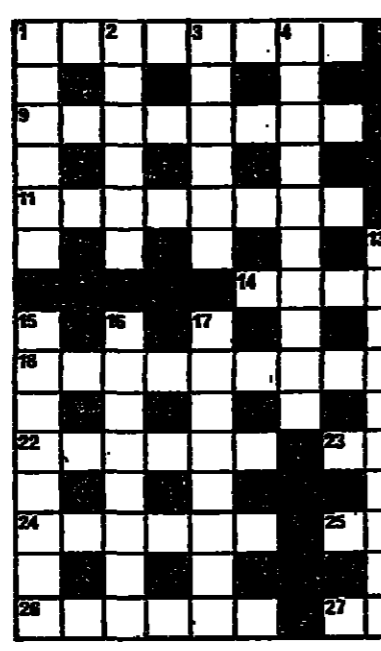


Table listing various financial products and services, including insurance and investment options.

Table listing various financial products and services, including insurance and investment options.

Table listing money market and trust funds, including details for various investment funds.

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**Public Board and Ind.**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**Financial**

Stock	Price	1st	2nd	3rd
201 200	201 200	201 200	201 200	201 200
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**FOREIGN BONDS & RAILS**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**AMERICANS**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**Over Fifteen Years**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**Undated**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**Index-Linked**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**CORPORATION LOANS**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**AFRICAN LOANS**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

**LOANS Building Societies**

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

FT LONDON SHARE INFORMATION SERVICE

BANKS—Continued

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

DRAPERY AND STORES

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

BEERS, WINES & SPIRITS

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

ELECTRICALS

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

BANKS, H.P. & LEASING

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

CHEMICALS, PLASTICS

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

ELECTRICALS—Continued

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

ENGINEERING

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

HOTELS AND CATERERS

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

INDUSTRIALS (Miscel.)

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

FOOD, GROCERIES—Cont.

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

FOOD, GROCERIES ETC.

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

FOOD, GROCERIES ETC.

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

FOOD, GROCERIES ETC.

Stock	Price	1st	2nd	3rd
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16
114 11/16	114 11/16	114 11/16	114 11/16	114 11/16

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INDUSTRIALS—Continued

LEISURE

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

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MINES—continued

Table of Industrial stocks including Johnson & Johnson, American Cyanamid, and others.

Table of Leisure stocks including Holiday Inns, and other leisure-related companies.

Table of Property stocks including various real estate investment trusts.

Table of Investment Trusts including various equity and income trusts.

Table of Oil and Gas stocks including various energy companies.

Table of Mines stocks including various mining companies.

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

Newspapers, Publishers

Paper, Printing Advertising

Textiles

Shoes and Leather

South Africans

Overseas Traders

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—continued

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

Newspapers, Publishers

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Textiles

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South Africans

Overseas Traders

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—continued

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

Newspapers, Publishers

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Textiles

Shoes and Leather

South Africans

Overseas Traders

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

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Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

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Options

Insurance

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Notes

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Regional and Irish Stocks

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Insurance

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PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—continued

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

Newspapers, Publishers

Paper, Printing Advertising

Textiles

Shoes and Leather

South Africans

Overseas Traders

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Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

Plantations

Rubbers, Palm Oil

Teas

Mines

Finance, Land, etc.

Tobaccos

Trusts, Finance, Land Investment Trusts

Regional and Irish Stocks

Options

Insurance

Shipping

Notes

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar advances again

BY COLIN MILLHAM

Only the Japanese yen showed any ability to keep pace with the very strong dollar last week. Officials from Tokyo and Washington begin talks next month aimed at deciding an acceptable exchange rate between the two currencies, and this coupled with the healthy Japanese economy and the attractions of the Tokyo stock market, where the equity index has been at record levels, has insured the yen remains firm. Like the dollar it has been at record levels against European currencies...

Times industrial ordinary index also touched all time peaks, while gilt stayed firm, and money market interest rates were virtually unchanged all week. Talk of a slow down in U.S. economic expansion, which appeared to be pushing the dollar lower towards the end of last month, was soon forgotten, and the real reason for the decline of the U.S. currency became clear. Squaring off of books ahead of the year end meant that long dollar positions were liquidated, and profits taken, but as 8000 Sterling on the other hand hit a record low against the dollar, but this did not result in any panic in London's financial markets, where the Financial

The dollar rose above DM 2.81 against the D-mark, the highest level for 10 years, and touched a record of over L1700 on terms of the D-mark. It also advanced to all time peaks against the French franc and Scandinavian currencies. £ in New York: Jan 6 Previous: Spot \$1,000/4065 \$1,410/4110 1 month 1,4078 1,4096 1,4111 1,4165 3 months 1,4096 1,4108 1,4121 1,4175 6 months 1,4096 1,4108 1,4121 1,4175 12 months 1,4096 1,4108 1,4121 1,4175

FORWARD RATES AGAINST STERLING

Table with columns for currency (Dollar, D-Mark, French Franc, Swiss Franc, Japanese Yen) and forward rates for 1, 3, 6, and 12 months.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing bill tenders for 100m and 200m denominations, including top accepted rates and discount rates.

THE DOLLAR SPOT AND FORWARD

Table showing spot and forward rates for various currencies including UK, Ireland, Canada, Netherlands, Belgium, Denmark, France, Germany, Italy, Japan, Korea, New Zealand, Singapore, and Switzerland.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing ECU central rates and percentage changes for various European currencies.

THE POUND SPOT AND FORWARD

Table showing spot and forward rates for the pound sterling against various currencies.

OTHER CURRENCIES

Table showing exchange rates for various currencies including Argentina, Australia, Brazil, Canada, Hong Kong, India, Iran, Israel, Kuwait, Luxembourg, Malaysia, New Zealand, Singapore, and U.A.E.

CURRENCY MOVEMENTS CURRENCY RATES

Table showing currency movements and rates for various currencies including Sterling, U.S. dollar, Canadian dollar, Australian dollar, etc.

EXCHANGE CROSS RATES

Table showing cross rates between various currencies such as Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, etc.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing interest rates for various Euro-currency deposits and loans.

MONEY MARKETS

No reaction to weak pound

London money market interest rates did not react to the fall to a record low of sterling against the dollar last week. Conditions were very quiet and steady, with rates showing little change from the previous Friday. The main nervousness involved the U.S. Federal funds overnight rate, which rose to 11 1/2 per cent at Tuesday's close, compared with the recent normal level of about 9 1/2 per cent. Fed funds returned to more normal levels by the end of the week, helped by injections of liquidity into the New York banking system by the Federal Reserve, including a \$2bn customer repurchase agreement on Wednesday.

drained from the Frankfurt money market at present through two expiring securities repurchase agreements. Interest rates have been fairly steady, however, with the central bank offering favourable rates on new agreements, although Tuesday's tender failed by DM 1bn. Major Swiss banks lowered customer time deposit rates with maturities of one-month to eight months by 1/2 point, as a result of an easing in Euro-franc interest rates. Japanese banks cut interest rates on deposits by 1/2 per cent as scheduled when the Bank of Japan discount rate was reduced by 1/2 point to 5 per cent in October.

MONEY RATES

Table showing money rates for various currencies and locations including Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, and Dublin.

LONDON MONEY RATES

Table showing London money rates for overnight, short-term, and long-term deposits and loans.

Discount Houses Deposit and Bill Rates

Table showing discount house rates for various currencies and terms.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies and terms.

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 5.622 per cent. Local authorities and other seven days' notice deposits 5 1/2 per cent. London Deposit Rates for sums of seven days' notice 5 1/2 per cent. Treasury Bills: Average tender rates of discount 8.2889 per cent. Certificate of Deposit (Series 6). Deposits of £100,000 and over held under one month: 12 months 10 1/2 per cent. Under £100,000 9 1/2 per cent. From January 4. Deposite held under Series 4-5 10 1/2 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FINANCIAL FUTURES

LONDON EURODOLLAR \$1m

Table showing London Eurodollar futures prices for various maturities.

CHICAGO U.S. TREASURY BONDS (CBT) 8%

Table showing Chicago U.S. Treasury Bonds futures prices.

U.S. TREASURY BILLS (TMM) \$1m

Table showing U.S. Treasury Bills futures prices.

20-YEAR 12% NOTIONAL GILT

Table showing 20-year Gilt futures prices.

STERLING £25,000 \$ per £

Table showing Sterling futures prices.

DEUTSCHE MARKS DM 125,000 \$ per DM

Table showing Deutsche Marks futures prices.

SWISS FRANCS Sfr 125,000 \$ per Sfr

Table showing Swiss Francs futures prices.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly changes in interest rates for various currencies.

WORLD VALUE OF THE DOLLAR

Table showing the world value of the dollar for various countries.

Advertisement for FT Index & Business News Report, featuring a telephone icon and contact information.

Advertisement for Multiple Sclerosis, titled 'INVEST IN 50,000 BETTER TOMORROWS!', including contact details for the Multiple Sclerosis Society of G.B. and N.I.

Advertisement for Midland House Mortgage Rate, announcing a new rate of 11 1/2% from APR 11.7%, with Midland Bank logo.

Large advertisement for the World Value of the Dollar, featuring a table of exchange rates and contact information for Bank of America.

Handwritten signature or note at the bottom of the page.